

EXECUTION TEXT

DATED

BETWEEN

LEASE INTL Corporation

and

Compagnie AERIEN Air

**AIRCRAFT LEASE
COMMON TERMS AGREEMENT**

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AIRCRAFT LEASE COMMON TERMS AGREEMENT

THIS COMMON TERMS AGREEMENT is made on

BETWEEN:

- (1) **LEASE INTL CORPORATION**, a company incorporated under the laws of the State of New York whose principal place of business is atecticut, United States of America; and “The LESSOR”
- (2) **AERIEN AIR** , a company incorporated under the laws of the State of Co. with its principal place of business at, Co. . “The LESSEE”

WHEREAS:

- (A) Lessor wishes to lease commercial aircraft to Lessee .
- (B) Each transaction will be concluded on the terms of an Aircraft Lease Agreement.
- (C) The provisions of the Common Terms Agreement will be incorporated into each Aircraft Lease Agreement in their entirety, unless otherwise stated.
- (D) Each of the parties to this Common Terms Agreement is entering into this Common Terms Agreement on its own behalf and on behalf of any Subsidiary or Holding Company of it, that may be or become party to an Aircraft Lease Agreement.

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In the Agreement words and expressions have the meanings set out for them in Schedule 1 (*Definitions*).

1.2 Construction

- (a) In the Agreement, unless otherwise stated, a reference to:
 - (i) “Lessor”, “Lessee”, “.....”, “Owner” or any other Person includes any of their successors and assignees;
 - (ii) plural concepts shall include the singular and vice versa;
 - (iii) any document shall include any changes to that document and any replacement for it;

- (iv) a Clause or a Schedule is a reference to a clause of or a schedule to this Common Terms Agreement;
 - (v) any Regulation shall include any changes to that Regulation and any replacement for it;
 - (vi) an obligation of a Person refers to any obligation that Person has under or in relation to the Agreement or any Other Agreement.
- (b) Headings to Clauses in the Agreement are not intended to affect their meaning.

2. REPRESENTATIONS AND WARRANTIES

2.1 Lessee's Representations and Warranties

Lessee makes the representations and warranties set out in Clause 1.1 of Schedule 2 (*Representations and Warranties*). Lessee understands that these statements must be true, both when the Agreement is signed and on the Delivery Date.

2.2 Lessor's Representations and Warranties

Lessor makes the representations and warranties set out in Clause 1.2 of Schedule 2 (*Representations and Warranties*). Lessor understands that these statements must be true, both when the Agreement is executed and on the Delivery Date.

3. CONDITIONS PRECEDENT

3.1 Conditions Precedent

Lessor need not deliver and start the leasing of the Aircraft under the Agreement unless each of the Conditions Precedent listed in Schedule 3 (*Conditions Precedent*) hereof is satisfied.

3.2 Waiver

If any Condition Precedent is not satisfied on the Delivery Date and Lessor (in its absolute discretion) nonetheless agrees to deliver the Aircraft to Lessee and to start the leasing of the Aircraft, Lessee will ensure that such Condition Precedent is fulfilled within 15 days after the Delivery Date, and Lessor may treat as an Event of Default the failure of Lessee to do so.

4. COMMENCEMENT

4.1 Leasing

- (a) Lessor shall notify Lessee as soon as possible, but no later than at least thirty (30) days prior to the Scheduled Delivery Month, of the Scheduled Delivery Week and Lessor shall notify Lessee as soon as possible but not later than at least one (1) week prior to the Scheduled Delivery Week of the Scheduled Delivery Date. Subject to Clause 4.4, Lessor will lease the Aircraft to Lessee and Lessee will take the Aircraft on lease for the Term.
- (b) If (i) Lessee is unwilling or unable to accept delivery of the Aircraft on the Rent Commencement Date, or Lessee fails to fulfil any Condition Precedent on or before such date, and (ii) the Aircraft meets the Delivery Condition Requirements set out in Clause 4 of the Aircraft Lease Agreement, then the Term shall commence, as will Lessee's obligation to pay Rent.
- (c) Lessee will be responsible for all risks associated with any loss of or damage to the Aircraft from the Rent Commencement Date until the Return Occasion.

4.2 **Procedure before Delivery**

Lessor and Lessee will follow the Pre-Delivery Procedure as set out in Schedule 4 (*Pre-delivery Procedure*).

4.3 **Delivery and Acceptance**

After the Pre-Delivery Procedure has been carried out and so long as the Aircraft meets the Delivery Condition Requirements:

- (a) Lessor will offer to deliver the Aircraft to Lessee at the Delivery Location.
- (b) Lessee will accept the Aircraft. Lessee must also provide evidence of its acceptance by signing the Acceptance Certificate and delivering it to Lessor.
- (c) Lessee's acceptance of the Aircraft shall be regarded as absolute, unconditional and irrevocable.

4.4 **Delayed Delivery**

If an Unforeseen Event happens and, as a result, Delivery takes place after the Scheduled Delivery Date or does not happen:

- (a) Lessor will not be responsible for any Losses Lessee suffers resulting from the delay or from the non-delivery of the Aircraft except as may be provided in the Aircraft Lease Agreement; and

- (b) Lessee will not be entitled to terminate the Agreement or to reject the Aircraft when it is offered for Delivery because of the delay.

4.5 **Extension Option**

If Lessee has been granted an option or options to extend the Term, Lessee may exercise such option or options by giving Lessor at least (.....) months written notice of its intention in such respect, which notice shall be irrevocable. On or prior to the date of such notice, Lessee will deliver to Lessor any other documents and evidence corresponding to those required by Clause 3 of this Common Terms Agreement as Lessor may reasonably require to reflect the extension of the Original Scheduled Expiry Date. Lessee may not exercise an extension option if an Event of Default has occurred and is continuing either on the day that such notice is given or on the day prior to the commencement of such extended term. However, if the Term is extended under this Clause, all provisions of the Agreement shall apply subject to any amendments required by the terms of such Agreement.

5. **PAYMENTS**

5.1 **Deposit**

Lessee shall pay Lessor any Deposit that is specified in Clause 3 of the applicable Aircraft Lease Agreement.

5.2 **Rental Periods**

The first Rental Period will start on the Rent Commencement Date and each subsequent Rental Period will start on the date immediately following the last day of the previous Rental Period. Each Rental Period will end on the date immediately before the numerically corresponding day in the next month, except that:

- (a) if there is no numerically corresponding day in that month, it will end on the last day of that month; and
- (b) if a Rental Period would otherwise overrun the Expiry Date, it will end on the Expiry Date.

5.3 **Rent**

- (a) **Time of Payment:** Lessee will pay to Lessor or its order Rent in advance on each Rent Date. Lessor must receive value for the payment on the Rent Date. If a Rental Period begins on a day which is not a Banking Day, the Rent payable in respect of that Rental Period shall be paid on the Banking Day immediately before that day.

- (b) **Amount:** The Rent payable during the Term shall be calculated in accordance with Clause 3 of the applicable Aircraft Lease Agreement.

5.4 **Supplemental Rent**

- (a) **Amount:** If, under the Agreement, Lessee is required to pay Supplemental Rent, Lessee will pay that Supplemental Rent, at the rates referred to in Clause 3 of the applicable Aircraft Lease Agreement, to Lessor in relation to each calendar month (or part of a month) of the Term, on the fifteenth day following the end of that calendar month, (except that the last payment of Supplemental Rent during the Term shall be paid on the Expiry Date) calculated on the basis of the Assumed Utilisation and Assumed Ratio. Thereafter, following receipt by Lessor of details specifying the actual utilisation, Lessor shall recalculate the Supplemental Rent payable and any adjustment, either by way of additional Supplemental Rent or rebate of Supplemental Rent, shall be payable on the last day of such month, provided that if the relevant date for payment specified in this Clause is not a Banking Day, the Supplemental Rent or rebate payable in respect of that calendar month shall be paid on the next Banking Day to occur.
- (b) **Adjustment:** The Supplemental Rent rates shall be adjusted after the Delivery Date not more frequently than annually (with any such adjustment having retrospective application as appropriate to reflect the provisions of paragraphs (ii) and (iii) below) based on the following:
 - (i) **Annual Supplemental Rent Adjustment:** by the Annual Supplemental Rent Adjustment, compounded annually commencing on the first anniversary of the Delivery Date, by way of agreed inflation adjustment; and
 - (ii) **Hour to Cycle Ratio Adjustment:** Lessor and Lessee acknowledge that the Landing Gear Supplemental Rent, the Engine Supplemental Rent rate and the Engine LLP Supplemental Rent rate are based upon the assumption that the Aircraft will operate on an Assumed Ratio. If that assumption proves to be incorrect at any time during the Term based upon Lessee's actual operating experience during the previous twelve (12) months, and the hour to cycle ratio differs from the Assumed Ratio by more than 0.5 during such (.....) month period, Lessor shall have the right, upon written notice to Lessee, to adjust the Engine Supplemental Rent rate and the Engine LLP Supplemental Rent rate (in the case of a decrease in the

ratio below the Assumed Ratio) and Lessor, upon written request from Lessee, will make that adjustment (in the case of an increase in the ratio above the Assumed Ratio). Any adjustment shall be based on a table contained in the applicable Aircraft Lease Agreement.

Actual hour to cycle ratios may fall outside the ratios identified in that table. In that case, the actual values shall be determined by extrapolating the closest observed intervals in the table.

- (iii) **Assumed Utilisation Adjustment:** Lessor and Lessee acknowledge that any amounts of Airframe Supplemental Rent, APU Supplemental Rent and Landing Gear Supplemental Rent payable by Lessee are based upon the assumption that the Aircraft will operate on an Assumed Utilisation. If that assumption proves to be incorrect at any time during the Term based upon Lessee's actual operating experience during the previous (.....) months such that the Assumed Utilisation is (x)0% or greater than Lessee's actual utilisation of the Aircraft or (y)% or less than Lessee's actual utilisation of the Aircraft, Lessor may make, and notify Lessee of, such adjustment (upwards or downwards) as Lessor determines is necessary in its reasonable discretion to maintain the rates of Airframe Supplemental Rent, APU Supplemental Rent and Landing Gear Supplemental Rent at levels which accurately reflect the costs associated with obtaining relevant maintenance services at prevailing industry rates.
- (iv) **Material Revision to Maintenance Programme:** If the Lessee's Maintenance Programme is materially revised, Lessor may make, and notify Lessee of, such adjustment as Lessor determines is necessary in its reasonable discretion to maintain the Supplemental Rent at levels which accurately reflect the costs associated with obtaining relevant maintenance services at prevailing industry rates. Each notice shall specify the revised Supplemental Rent rates and the effective date of such revision and Lessee shall be bound by it. Lessee agrees to advise Lessor, in writing, promptly following any occurrence which would result in the assumptions mentioned in paragraphs (ii) and (iii) above becoming incorrect at any time during the Term.

5.5 **Payments**

All payments by Lessee to Lessor under the Agreement will be made for value on the due date in Dollars and in immediately available funds settled through the New York Clearing House System or such other funds as may for the time being be customary for the settlement in New York City of payments in Dollars by wire transfer to the Lessor's Account as specified in the Agreement.

5.6 **Withholding and Tax Credit**

- (a) **Withholding:** Lessee must not deduct any amount from any of its payments under the Agreement, for or on account of any Taxes, unless it is required by law to do so, in which case Lessee must:
- (i) deduct the minimum amount necessary to comply with the Law;
 - (ii) pay Lessor an extra amount so that Lessor receives a net amount on the relevant payment date, that is equal to the amount that it would have received if the reduction had not been made. The amount of any such payment by Lessee must take into account the Tax treatment of that payment to Lessor applying the principles of Clause 5.10 such that Lessor shall be in no worse position than it would have been if the deduction had not applied in the first place;
 - (iii) pay the Tax to the relevant taxing authority according to the relevant Law; and
 - (iv) obtain a receipt (if one is available) from the relevant taxing authority and give it to Lessor.
- (b) **Consultation:** If Lessee is, or will be reasonably expected to be, required to make any deduction or withholding in Co. from any payment hereunder, Lessor and Lessee shall (at the Lessee's request) consult in good faith concerning reasonable steps which could be taken by Lessor, to the extent that Lessor can do so without prejudice to its own position, to avoid or mitigate the effects of any such requirement to deduct or withhold Tax.
- (c) **Tax Credit:** If Lessor, in good faith, determines that it has realised a tax benefit (by way of deduction, credit or otherwise) as a result of any payment for which Lessee is liable under Clause 5.6(a) Lessor shall pay to Lessee as soon as practicable after the tax benefit has been realised (but not before Lessee has made all payments and indemnities to Lessor required under this Clause), an amount which will ensure that (after taking account of the payment itself) Lessor is in no better and no worse position than it would have been if the deduction had not applied.

Nothing in this Clause 5.6(b) shall:

- (i) interfere with the right of Lessor to arrange its tax affairs in whatever manner it thinks fit; or
- (ii) oblige Lessor to disclose any information relating to its tax affairs or any tax computations.

5.7 **Tax Indemnity**

- (a) Lessee will indemnify Lessor against all Relevant Taxes described in Clause 5.7(b).
- (b) **“Relevant Taxes”** are those Taxes which Lessor or Owner may suffer or incur and which arise as a result of:
 - (i) the ownership, maintenance, repair, possession, transfer of ownership in accordance with Clause 13.4, transfer of possession, import, export, registration, storage, modification, leasing, insurance, inspection, testing, design, sub-leasing, use, condition or other matters relating to or attributable to the Aircraft, the Lessee or the Agreement, or any rent, receipts, insurance proceeds, income or other amounts arising therefrom; or
 - (ii) any breach by Lessee of its obligations.
- (c) Except to the extent Clause 5.7(d) applies, Lessee will be responsible under Clause 5.7(a) even though the Relevant Tax is charged after the Return Occasion.
- (d) Lessee need not indemnify Lessor or Owner under this Clause 5.7 to the extent that the Tax arises because of:
 - (i) the deliberate misconduct or reckless behaviour of Lessor or Owner;
 - (ii) a Tax liability Lessor or Owner has which would have arisen even if the Agreement had not been entered into; or
 - (iii) a Tax liability charged on Lessor’s or Owner’s income, profits or gains by any Government Entity in the Lessor/Owner Tax Jurisdiction, but excluding any Tax imposed by any Government Entity of any jurisdiction if and to the extent that such Tax results from (x) the use, operation, presence or registration of the Aircraft, the Airframe, any Engine or any Part in the jurisdiction imposing the Tax, or (y) the situs of organisation, any place of business or any activity of Lessee or any other Person

having use, possession or custody of the Aircraft, the Airframe, any Engine or any Part in the jurisdiction imposing the Tax; or

- (iv) an imposition with respect to any period commencing or event occurring (x) prior to the Delivery Date or (y) after the Expiry Date and, in either case, unrelated to Lessor's dealings with Lessee or to the transactions contemplated by the Agreement; or
 - (v) an imposition arising as a result of a voluntary sale, transfer, assignment or other disposition by Owner of all or part of its interests in the Aircraft save for any such sale, transfer or disposition described in Clause 13.4.
- (e) If the Agreement provides that Lessor has assumed that FSC Benefits shall be available in respect of the leasing of the Aircraft, the following provisions of paragraphs (e) and (f) of this Clause 5.7 shall apply and each reference therein to "Lessor" shall be deemed to refer to the Person identified as the "Lessor" in the applicable Agreement. It is understood by Lessee that Lessor has assumed that United States income tax benefits, as provided in sections 921 *et seq* of the United States Internal Revenue Code of 1986, as amended (the "Code") (i.e. that United States income taxation of the net income or gain from the sale or lease of the Aircraft will be limited in each calendar year to taxation on only 70 per cent of such net income or gain (the "FSC Benefits")) will be available to Lessor and the other Tax Indemnitees. Accordingly, in order to support Lessor's entitlement to the FSC Benefits, Lessee covenants that:
- (i) in each calendar year during the Term, the Aircraft will be located outside the United States (used in this Clause 5.7 to include the Commonwealth of Puerto Rico) more than 50 per cent of the time or more than 50 per cent of the miles traversed in the use of the Aircraft will be traversed outside the United States (regarding for this purpose any flight between two points in the United States without an intervening stop in a foreign jurisdiction of at least 12 hours as being entirely within the United States);
 - (ii) it will not (A) undertake any Equipment Change (as defined in Clause 8.12) without the prior written consent of Lessor (x) involving a modification, re-manufacturing or alteration of the Aircraft, which modification, re-manufacturing or alteration is of a permanent nature or (y) which could not be removed from the Aircraft without material damage to the Aircraft or (z) which together with prior related and future

related expected Equipment Changes would involve a cost (including labour, overhead, engineering, supplies, materials and third-party costs) in excess of the FSC Equipment Change Amount, nor (B) undertake any replacement of any Engine that involves Lessor's relinquishment of title thereto; and

- (iii) after Delivery of the Aircraft to Lessee pursuant to the Agreement, the first flight of the Aircraft shall occur as soon as practicable but in any event within 24 hours of the Delivery Date save for any reasonable delays beyond 24 hours due to (i) adverse weather conditions or (ii) Lessee crew staffing restrictions, or (iii) any other cause which is beyond the control of Lessee, provided in all cases that Lessee shall work diligently and utilise best efforts to immediately remedy any such delay to the first flight. The first flight shall be a non-revenue producing flight from the Delivery Location to a location outside the United States. After arrival at such location outside the United States, the Aircraft will not begin any return flight to the United States prior to the expiration of 12 hours after its arrival at such location outside the United States. In addition, between the time of Delivery to Lessee and such first flight, Lessee shall make no use of the Aircraft except for such fuelling, loading and provisioning required in connection with such first flight.

Lessor acknowledges that the covenants contained in Clause 5.7(e) (i), (ii) and (iii) are given by Lessee solely for the purpose of the indemnification requirements in Clause 5.7(f) and shall not prevent or restrict Lessee from taking any action otherwise permitted under the Agreement. Lessee will make available to Lessor any records relating to the use and location of the Aircraft that Lessor may reasonably request, in order to fulfil Lessor's or any Tax Indemnitees' tax reporting, filing, audit or litigation requirements, and will otherwise reasonably co-operate with any requests of Lessor with respect to compliance with requirements for the FSC Benefits.

- (f) (i) Lessor's remedy for the breach of any of the covenants contained in Clauses 5.7(e)(i), (ii) and (iii) shall be the right to receive the indemnity payments specified in this Clause 5.7(f) from Lessee. Any such indemnity payments will be due within 30 days after Lessee's receipt of a written request from Lessor certifying that there has been a loss of FSC Benefits describing in reasonable detail the

circumstances of such loss and the breach by Lessee causing such loss.

- (ii) Lessor acknowledges that Lessee's indemnity obligation for Lessor's or the relevant Tax Indemnitee's entitlement to the FSC Benefits shall be limited in amount with respect to any calendar year, subject to Clause 5.10, to the lesser amount of (A) FSC Benefits lost or disallowed for such calendar year which relate to any breach of the covenants set forth in Clauses 5.7(e)(i), (ii) or (iii) and (B) the amount set forth as the FSC Indemnity Maximum Amounts in the Agreement in respect of such calendar year plus in either case the amount of any interest, penalties and additions to tax payable by Lessor or the relevant Tax Indemnitee as a result of the loss or disallowance of the FSC Benefits. For the avoidance of doubt, if the FSC Benefits are lost or disallowed for any calendar year, the maximum amount which Lessee shall pay to Lessor with respect to such calendar year, subject to Clause 5.10, is the amount for such calendar year as set forth as FSC Indemnity Maximum Amounts in the Agreement in respect of such calendar year plus the amount of any interest, penalties, and additions to tax payable by Lessor or the relevant Tax Indemnitee in connection with such loss or disallowance. If such FSC Benefits are determined to be lost or disallowed with respect to a subsequent sale of the Aircraft after any termination of the Agreement, as a result of Lessee's breach of its covenants set forth in Clause 5.7(e)(i), (ii) or (iii), Lessee's indemnity payment, subject to Clause 5.10, shall be limited to the lesser of the actual amount of FSC Benefits lost or disallowed which relate to any such breach and the amount set forth as the Residual Period Amount, plus the amounts set forth as the FSC Indemnity Maximum Amounts in the Agreement for any calendar years which have not elapsed at the time the Agreement is terminated, plus any interest, penalties and additions to tax.
- (iii) If the Aircraft is leased after any termination of the Agreement, Lessee's indemnity obligation, subject to Clause 5.10, with respect to a loss or disallowance of the FSC Benefits as a result of a breach of its covenants set forth in Clause 5.7(e)(i), (ii) or (iii) will be (in addition to any applicable interest, penalties or additions to tax) the actual amount of FSC Benefits lost or disallowed, as a result of such breach, for any calendar year during any subsequent lease of the Aircraft for such calendar year.

5.8 Value Added Tax

- (a) For the purposes of this Clause 5.8:
 - (i) “VAT” means value added tax and any goods and services, sales or turnover tax, imposition or levy of a like nature;
 - (ii) “supply” includes anything on or in respect of which VAT is chargeable.
- (b) Subject to 14.3(b), Lessee will pay to Lessor or the relevant taxing authority and indemnify Lessor against the amount of VAT (if any) chargeable in respect of any supply for VAT purposes under the Agreement. Lessee shall provide evidence to Lessor, if available, in respect of any payment it makes of such VAT.
- (c) Each amount stated as payable by Lessee under the Agreement is exclusive of VAT (if any).

5.9 Tax Contest and Mitigation

- (a) **Contest:** If Lessee disputes the payment of any Taxes payable by Lessor or any Indemnitee for which Lessee is responsible under the Agreement, Lessor will consider with Lessee the taking of such action as Lessee may reasonably request at Lessee’s expense to contest that payment, but neither Lessor nor any Indemnitee will be obliged to take any such action:
 - (i) which Lessor or such Indemnitee reasonably considers may materially prejudice it; or
 - (ii) which Lessor or such Indemnitee reasonably considers does not have a reasonable prospect of success
- (b) **Mitigation:** If circumstances are such that Lessor intends to claim indemnification from Lessee under Clause 5.7 (*Tax Indemnity*) Lessor shall, after consultation with Lessee and to the extent that it can do so lawfully and without prejudice to its own position and/or to Lessee’s indemnity and other obligations, consider and will agree what steps it might reasonably take with a view to mitigating the effect of such circumstances on Lessee.

5.10 Indemnity Payments - After-Tax Basis

The amount of any payment made under Clause 5.7 (*Tax Indemnity*) or Clause 10 (*Indemnity*) must take into account the Tax treatment of the payment and of the Loss in respect of which the payment is claimed so that the Indemnitee is fully compensated, after that Tax

treatment has been taken into account, for the Loss for which the relevant claim is made.

5.11 **Lessor Obligations Following Expiry Date**

Within five Business Days after:

- (a) redelivery of the Aircraft to Lessor in accordance with and in the condition required by the Agreement; or
- (b) payment to Lessor of the Agreed Value following an Event of Loss after the Delivery Date,

or in each case such later time as Lessor is satisfied that Lessee has irrevocably paid to Lessor all amounts which may then be outstanding under the Agreement and the Other Agreements:

- (i) Lessor will pay to Lessee the balance of the Deposit (if any); and
- (ii) Lessor will pay to Lessee the amount of any Rent received in respect of any period falling after the date of redelivery of the Aircraft or payment of the Agreed Value, as the case may be; and
- (iii) Lessor will return to Lessee or cancel any Letter of Credit.

5.12 **Net Lease**

The Agreement is a net lease. The Lessee's obligation to pay Rent and to perform all of its other obligations is absolute and unconditional no matter what happens and no matter how fundamental or unforeseen the event. The Lessee may not regard its obligations as ended, suspended or altered in any way because of any defence, set-off, counterclaim, recoupment or other right of any kind or of any other circumstance.

Notwithstanding the foregoing, Lessee shall not be required to pay Rent for any period falling thirty days after the commencement of a Lessor Default (as hereinafter defined) during which a breach by Lessor of its obligations under Clause 7.1 results in Lessee being deprived of the use of the Aircraft (a "**Lessor Default**") Provided however that nothing contained herein shall release or be construed as releasing Lessee from any payment obligations in respect of any period after which such breach has been remedied.

Nothing in this Clause 5.12 will be construed to limit Lessee's right to institute separate legal proceedings against Lessor in the event

of Lessor's breach of the Agreement or to limit Lessee's rights and remedies against any other person.

5.13 Further Provisions regarding Deposit

- (a) If, under the Agreement, Lessee is required to pay a Deposit, the remaining provisions of this Clause shall apply. Lessee agrees that Lessor shall be entitled to commingle the Deposit with Lessor's LEASE or other funds, and Lessor will not hold any such funds as agent or on trust for Lessee or in any similar fiduciary capacity.
- (b) If Lessee fails to comply with any provision of the Agreement or the Other Agreements, or any Event of Default shall have occurred and be continuing, in addition to all rights and remedies accorded to Lessor elsewhere in the Agreement or under Law in respect of the Deposit, Lessor may immediately or at any time thereafter, without prior notice to Lessee, apply all or part of the Deposit in or towards the payment or discharge of any matured obligation owed by Lessee or any affiliate or associate of Lessee under the Agreement or the Other Agreements, in such order as Lessor sees fit, and/or exercise any of the rights of set-off described in Clause 5.20 against all or part of the Deposit.
- (c) If Lessor exercises the rights described in Clause 5.13(b) above, Lessee shall, following a demand in writing from Lessor, immediately restore the Deposit to the level at which it stood immediately prior to such exercise.

5.14 Letter of Credit

- (a) If, under the Agreement, Lessee is required or elects to provide Lessor with a Letter of Credit, the remaining provisions of this Clause shall apply. Any Letter of Credit provided by Lessee to Lessor will be issued and payable by a bank acceptable to Lessor and in form and substance acceptable to Lessor, and, if Lessor requests, confirmed by the London or New York branch of a major international bank reasonably acceptable to Lessor from time to time, and will be issued as security for all payment obligations of Lessee to Lessor under the Agreement (including damages), which shall remain in full force and effect and may be drawn down by Lessor upon demand at any time or times following the occurrence of an Event of Default until the Required LC Expiry Date.
- (b) With the prior written consent of Lessor, the Letter of Credit may have a validity period or periods ending prior to the Required LC Expiry Date, provided that (i) the Letter of Credit shall, in each case, be renewed and delivered to Lessor not later than 30 Business Days

prior to its expiry; and (ii) a Letter of Credit shall remain in force at all times up to the Required LC Expiry Date.

- (c) If at any time during the Term Lessor determines that the current issuing or confirming bank for the Letter of Credit is no longer an acceptable issuing or confirming bank (whether by virtue of a material adverse change in its financial condition or for any other reason) Lessee shall promptly procure that the Letter of Credit is replaced by a Letter of Credit issued by another bank acceptable to Lessor and (if appropriate) that such replacement Letter of Credit is confirmed by another bank acceptable to Lessor.
- (d) If Lessor makes a drawing under the Letter of Credit, Lessee shall, following a demand in writing by Lessor, immediately procure that the maximum amount available for drawing under the Letter of Credit is restored to the level at which it stood immediately prior to such drawing.

5.15 [Intentionally Left Blank]

5.16 Late Payment Interest

If Lessee fails to pay any amount payable under the Agreement on the due date, Lessee will pay on demand from time to time to Lessor interest (both before and after judgement) on that amount, from the due date to the date of payment in full by Lessee to Lessor, at the Interest Rate. All such interest will be compounded monthly and calculated on the basis of the actual number of days elapsed in the month, assuming a 30 day month and a 360 day year.

5.17 Currency

- (a) Lessee must indemnify Lessor against any Loss Lessor suffers if:
 - (i) Lessor receives an amount relating to Lessee's obligations in a different currency from that in which payments should be made under the Agreement; or
 - (ii) Lessee pays a judgment or claim in a different currency from that in which payments should be made under the Agreement.
- (b) Lessee relinquishes any right to pay any amount under the Agreement in a currency which is different from the currency shown in the Agreement.

5.18 Certificates

Save where expressly provided in the Agreement, any certificate or determination by Lessor as to any rate of interest or as to any other amount payable under the Agreement will, in the absence of manifest error, be presumed to be correct.

5.19 **Appropriation**

If any sum paid or recovered by Lessor in respect of the liabilities of Lessee under the Agreement is less than the amount then due, Lessor may apply that sum to amounts due under the Agreement in such proportions and order and LEASEly in such manner as Lessor may determine at its sole discretion.

5.20 **Set-off**

- (a) In this Clause 5.20, references to Lessee will also include Lessee Affiliates.
- (b) Lessor may set-off any debt owed by Lessee under the Agreement or the Other Agreements against any debt Lessor owes Lessee, regardless of the place of payment or currency.

If the debts are in different currencies, Lessor may convert either debt at the market rate of exchange available in London or New York. If the amount of a debt is unknown, Lessor may estimate the amount. Any difference between the estimated debt and the actual debt will be paid by either Lessor or Lessee, as appropriate, when the amount becomes known.

5.21 **Expenses**

Lessee will pay to Lessor, on demand, all reasonable expenses (including professional fees and other costs) that the Lessor has to pay:

- (a) to deal with any amendments, extensions, consents or waivers that are requested by Lessee in connection with the Agreement (but excluding any expenses incurred by Lessor in connection with any change in the ownership or financing of the Aircraft);
- (b) in order to perfect the Agreement in the State of Registry, the State of Incorporation and the Habitual Base (and any other appropriate place); and
- (c) to enforce or preserve any of Lessor's rights under the Agreement or to repossess the Aircraft.

All amounts payable pursuant to this Clause 5.21 will be paid in the currency in which they are incurred by Lessor.

5.22 Other Outgoings

Lessee will promptly pay all Taxes, other than any Taxes described in Clause 5.7 (d), which Lessee is required to pay and all other amounts of any nature imposed by any Government Entity with respect to the Aircraft and/or the Agreement except to the extent that, in the reasonable opinion of Lessor, such payment is being contested in good faith by appropriate proceedings and non-payment of which does not give rise to any material likelihood of the Aircraft or any interest therein being sold, forfeited or otherwise lost or of criminal liability on the part of Lessor or Owner.

6. MANUFACTURER'S WARRANTIES

- (a) Lessor shall disclose to Lessee on or prior to the Delivery Date and so long as no Event of Default has occurred which is continuing, shall make available to Lessee during the Term the benefit of all manufacturer's warranties in relation to the repair or remedy of any defect in the Aircraft and any Part (including compensation for loss of use of the Aircraft for the Aircraft to the extent that it is permitted to do so). Lessee will give Lessor prompt written notice of any warranty claim which is settled with Lessee on the basis of a cash payment (if any).
- (b) If an Event of Default has occurred and is continuing Lessor may immediately recover from Lessee the proceeds of any warranty claims previously paid to Lessee to the extent that such claims relate to any defect in the Aircraft not fully and completely rectified by Lessee before such Event of Default and Lessor may:
 - (i) retain for its own account any such proceeds previously paid to Lessor which would have been remitted to Lessee under this Clause 6 in the absence of such Event of Default; and
 - (ii) cause any proceeds of any pending claims to be paid to Lessor, rather than Lessee.
- (c) Lessee will take all steps as are necessary at the end of the Term to ensure that the benefit of any warranties relating to the Aircraft which have not expired is vested in Lessor.

7. LESSOR'S COVENANTS

7.1 Quiet Enjoyment

So long as no Event of Default has occurred and is continuing, Lessor will not interfere with Lessee's right to quiet use and

possession of the Aircraft during the Term. Lessor shall procure that on, or prior to the Delivery Date, a covenant of quiet enjoyment in the form set out in Schedule 11 (*mutatis mutandis*), shall be provided to Lessee by Owner.

7.2 Maintenance Contributions

If, under the Agreement for the Aircraft, Lessee must pay Supplemental Rent, then provided no Event of Default has occurred and is continuing, Lessor will pay the following amounts to Lessee by way of contribution to the cost of maintenance of the Aircraft, upon receipt by Lessor, within six months after commencement of such maintenance and before the Expiry Date, of an invoice and supporting documentation reasonably satisfactory to Lessor evidencing performance of the following work by the Maintenance Performer:

- (a) **Airframe:** With respect to the Airframe, the completion, in accordance with the Agreement, of the Airframe Structural Check, the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of the Airframe Supplemental Rent paid under the Agreement at the date such work starts less the aggregate amount previously paid by Lessor under this sub-clause;
- (b) **Engine Life-Limited Parts:** With respect to life-limited Parts within any Engine, the performance, in accordance with the Agreement, of any replacement or repair of those Parts ("Engine LLP Replacement"), the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of the Engine LLP Supplemental Rent paid in respect of that Engine under the Agreement at the date such work starts less the aggregate amount previously paid in respect of that Engine by Lessor under this sub-clause;
- (c) **Engine Refurbishment:** With respect to any Engine, the performance, in accordance with the Agreement, of Engine Refurbishment in respect of that Engine the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of the Engine Supplemental Rent paid under the Agreement in respect of that Engine at the date such work starts less the aggregate amount previously paid in respect of that Engine by Lessor under this sub-clause;
- (d) **APU:** With respect to the APU, the performance, in accordance with the Agreement, of all shop visits requiring APU removal and disassembly, the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of the APU Supplemental

Rent paid under the Agreement at the date such work starts less the aggregate amount previously paid by Lessor under this sub-clause; and

- (e) **Landing Gear:** With respect to the Landing Gear, the performance in accordance with the Agreement, of all work on the landing gear in the nature of overhaul and requiring removal and disassembly, the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of the Landing Gear Supplemental Rent paid under the Agreement at the date such work starts less the aggregate amount previously paid by Lessor under this sub-clause.

PROVIDED THAT Lessor will not pay any such contribution:

- (A) in respect of paragraphs (a)-(e) above, for repairs arising as a result of accidents or incidents (whether or not eligible for recovery under Lessee's insurance), operational or maintenance mishandling or airworthiness directive work; nor
- (B) in respect of paragraphs (b) and (c) above, for repairs arising as a result of foreign object damage, the removal, installation, maintenance and repair of QEC (Quick Engine Change) Kits and/or any elective parts replacement.

So long as no Event of Default has occurred, Lessor will pay to Lessee, by way of contribution to the cost of maintenance of the Aircraft, the amounts provided for, and on terms and conditions specified in Clause 3 of the applicable Aircraft Lease Agreement (if applicable) and this Clause 7.2.

8. LESSEE'S COVENANTS

8.1 Duration

- (a) Lessee shall perform and comply with its undertakings and covenants in the Agreement at all times during the Term. All such undertakings and covenants shall, except where expressly otherwise stated, be performed at the expense of Lessee.
- (b) Lessee will take such steps as are necessary to ensure that no Person acts in any manner inconsistent with Lessee's obligations under the Agreement.

8.2 Information

Lessee will:

- (a) provide Lessor with a Technical Report for the Aircraft within 30 days after the end of each calendar month throughout the Term;
- (b) provide Lessor with the Financial Information;
- (c) notify Lessor, as soon as is reasonably practicable, of any Event of Loss or of any event which is likely to result in an insurance claim in excess of the Damage Notification Threshold and details of any negotiations with insurers or insurance brokers relating to such claim;
- (d) notify Lessor of any Event of Default;
- (e) provide Lessor, upon request, with evidence that all Taxes and charges incurred by Lessee in connection with the Aircraft, its location and its operations, including those invoiced by airports and air traffic control authorities, have been paid in full;
- (f) provide Lessor with such other information concerning the location, condition, use and operation of the Aircraft or concerning the business or financial affairs of Lessee, as Lessor may from time to time reasonably request;
- (g) give Lessor not less than 30 days written notice as to the time and location of all Major Checks; and
- (h) notify Lessor, promptly, of the removal of any Engine for the purpose of Engine Refurbishment.

8.3 Lawful and Safe Operation

Lessee will operate the Aircraft for commercial purposes from the Delivery Date until the Return Occasion from a base within the State of Registry or from such other base outside the State of Registry pursuant to a sub-lease or wet-lease complying with Clause 8.4 (a) provided always that. Lessee must not use or operate the Aircraft:

- (a) in violation of any applicable Regulations or in a manner causing Lessor, Owner or LESSOR OP to be in violation of any applicable Regulations and without prejudice to the foregoing, Lessee hereby agrees and undertakes for so long as the Libyan Sanctions Regulations Title 30Part 550 of the US Code of Federal Regulations (or any amendment, replacement, restatement or other equivalent Regulations relating to relations with Libya) are in force, that it will not use and/or operate the Aircraft or allow the Aircraft to be used and/or operated on any flight to or from Libya or on any flight overflying Libyan airspace;
- (b) for any purpose for which the Aircraft was not designed;

- (c) to carry cargo which could reasonably be expected to damage the Aircraft;
- (d) in any circumstances or place where the Aircraft is not covered by the Insurances; or
- (e) for purposes of training, qualifying or re-confirming the status of cockpit personnel except for the benefit of Lessee's cockpit personnel, and then only if the use of the Aircraft for such purpose is not disproportionate to the use for such purpose of other aircraft of the same type operated by Lessee.

8.4 **Subleasing**

- (a) At no time prior to the Return Occasion will Lessee sub-lease, wet-lease or otherwise give possession of the Aircraft to any Person except:
 - (i) when the prior written consent of Lessor has been obtained (such consent not to be unreasonably withheld or delayed); or
 - (ii) where the Aircraft is delivered to a manufacturer or maintenance facility for work to be done on it as required or permitted under the Agreement; or
 - (iii) to a Permitted Sub-Lessee pursuant to a sub-lease (a "Permitted Sub-Lease") which complies with the conditions set out in Clause 8.4(b) and provided that no Event of Default shall have occurred and be continuing; or
 - (iv) on a wet-lease which complies with Clause 8.4(c).
- (b) Each of the following conditions shall be required to be satisfied in relation to any Permitted Sub-Lease prior to any sub-leasing pursuant to this Clause:
 - (i) **Notification:** prior to entering into any Permitted Sub Lease, Lessee shall give Lessor written notice, specifying the identity of the Permitted Sub-Lessee, the term of the Permitted Sub-Lease, the habitual base of the Permitted Sub-Lessee and such notice from Lessee shall confirm that each of the conditions set out in paragraphs (ii) to (vi) (inclusive) of this Clause 8.4(b) has been satisfied;
 - (ii) **Term:** the term of the Permitted Sub-Lease shall not be capable of extending beyond the scheduled Expiry Date;

- (iii) **Subordination:** the Permitted Sub-Lease shall provide that the Permitted Sub-Lease is subject and subordinate to the Agreement in all respects and the rights of the Permitted Sub-Lessee under the Permitted Sub-Lease are subject and subordinate in all respects to the rights of Lessor under the Agreement;
 - (iv) **Obligations of Lessee:** Lessee shall remain primarily liable under the Agreement for the performance and observance of all its obligations to the same extent as if no Permitted Sub-Lease had been entered into. To the extent that the Permitted Sub-Lessee properly performs an obligation under the Permitted Sub-Lease, Lessor agrees that such performance shall be regarded as discharging (to such extent) Lessee's corresponding obligation;
 - (v) **Insurances:** all insurance requirements under the Agreement shall be complied with either by Lessee or by the Permitted Sub-Lessee as if references in the insurance provisions of the Agreement to "Lessee" were references to "the Permitted Sub-Lessee"; and
 - (vi) **Registration:** there shall be no change in the registration of the Aircraft from the State of Registry.
- (c) Lessee shall be permitted to wet lease the Aircraft provided such wet lease constitutes an arrangement whereby Lessee agrees to furnish the Aircraft to a third party pursuant to which the Aircraft (i) shall be operated solely by regular employees of Lessee possessing all current certificates and licenses that are required by applicable Regulations, (ii) shall be subject to insurance coverage approved by Lessor, (iii) shall be maintained by Lessee in accordance with Lessee's Maintenance Programme and Lessee's normal maintenance practices, and (iv) shall not be subject to any change in its State of Registry; and provided always that such arrangement is expressly subordinated to the Agreement and the rights of Lessor hereunder and to the Aircraft.

8.5 **Inspection**

- (a) Lessee will permit Lessor's representative to inspect the Aircraft at any agreed date. Unless an Event of Default has occurred and is continuing, Lessor will give Lessee reasonable notice of inspection and will ensure that it does not result in a disruption to the scheduled operation of the Aircraft. Lessee shall comply with the reasonable requests of Lessor's representative during the course of

an inspection, including any request to travel on the flight deck of the Aircraft as an observer, subject to any applicable Regulations.

- (b) The cost of conducting an inspection shall be borne by Lessor unless, as a result of that inspection, Lessee is found to be materially in default of its obligations under the Agreement in which case the cost shall be borne by Lessee.
- (c) No liability or obligation will be incurred by Lessor solely by reason of non-exercise by it of the inspection rights referred to in this Clause.

8.6 **Ownership; Property Interests; Related Matters**

- (a) Lessee will:
 - (i) maintain Nameplates in a prominent position in the cockpit or cabin of the Aircraft and on each Engine stating:

“This Aircraft/Engine is owned by Alcyone FSC Corporation and is leased to Compagnie Nationale AERIEN Air and may not be or remain in the possession of or be operated by, any other person without the prior written consent of Aviation Financial Services, Inc”; and
 - (ii) take all reasonable steps to make sure that other relevant Persons know about the interests of Owner and Lessor as owner and lessor respectively in the Aircraft.
- (b) Lessee will not:
 - (i) represent that it is the owner of the Aircraft or that it has an economic interest (equivalent to ownership) in the Aircraft for Tax treatment or other purposes;
 - (ii) take any action or fail to take any action if it could put Owner’s and/or Lessor’s rights at risk;
 - (iii) represent to others that Owner or Lessor is associated with or responsible for the business activities and/or flight operations of Lessee; or
 - (iv) allow the Aircraft or Owner’s or Lessor’s interest in it to become or remain subject to any Security Interest (other than a Permitted Lien).

8.7 **LEASE**

Lessee will:

- (a) maintain its business as a commercial scheduled airline, will preserve its corporate existence (other than in connection with a solvent reconstruction or reorganisation on terms which shall have previously been approved in writing by Lessor); and
- (b) ensure that the Habitual Base remains the habitual base of the Aircraft unless Lessor gives prior written consent to a change therein; and
- (c) not operate, maintain, insure or deal with the Aircraft in a manner which discriminates against the Aircraft, when compared with the manner in which Lessee operates, maintains, insures or deals with similar aircraft, engines or parts in Lessee's fleet.

8.8 Records

- (a) To the extent Lessee's maintenance records are normally kept in the French language, Lessee shall provide to Lessor, cross reference lists related to Manufacturers documentation. All other documents without cross reference shall be translated into the English language by Lessee;
- (b) Lessee will keep the Aircraft Documents and Records;
 - (i) according to best airline practice; and
 - (ii) so they meet the requirements of FAR 91.417 and Lessee's Maintenance Programme.

8.9 Protection

Lessee will:

- (a) keep the Aircraft registered with the Air Authority and, where applicable, comply with the Geneva Convention; and
- (b) if permitted under the applicable Regulations, record on each relevant register that Owner is the owner of the Aircraft and, if such facilities exist, file the Agreement (or particulars thereof) on the public record; and
- (c) make any changes to the registered particulars that may be necessary or advisable to take account of any change in the ownership of the Aircraft, or of any modification to the Aircraft (such as the permanent replacement of any Engine or Part in accordance with the Agreement) or of any change in applicable Regulation. Lessor will bear any costs incurred as a consequence of a change in ownership of the Aircraft and Lessee will bear any other costs incurred in complying with this Clause.

8.10 **Maintenance and Repair**

Lessee will maintain, overhaul and repair the Aircraft (or arrange for the Aircraft to be maintained, overhauled and repaired, through the Maintenance Performer approved by FAA and/or JAA), so that:

- (a) the Aircraft is kept in as good operating condition and repair as the condition of the Aircraft as at Delivery subject to fair wear and tear;
- (b) the Lessee has a current certificate of airworthiness (issued by the Air Authority in the appropriate public transport category) for the Aircraft;
- (c) the Aircraft complies with all Air Authority regulations including the standard stipulated by FAR Part 121 and the requirements of all Airworthiness Directives and all Service Bulletins designated by the State of Design as "mandatory", and to be carried out before the Return Occasion or within a period of 180 days after the Return Occasion.

If such Airworthiness Directive is issued by the FAA and/or, to the extent that the same have legal effect, the JAA including JAR OPS 1/Eurocontrol mandatory requirements, and if the cost to Lessee of performing or causing to be performed such Airworthiness Directive exceeds the AD Threshold, Lessor shall, following receipt of an invoice in respect of such amount, and provided no Event of Default has occurred and is continuing, reimburse to Lessee an amount calculated in accordance with the following formula:

$$\frac{C \times (N-R)}{N}$$

where:

"C" = the cost of the performance work;

"N" = the Relevant Denominator;

"R" = the remainder of the Term in months after completion of the performance work.

If such Airworthiness Directive or mandatory note or bulletin is issued by the Air Authority or issued and recommended, but not required, by the manufacturer of the Aircraft, any Engine or Part, Lessor shall not reimburse Lessee for any such cost of expenditure.

If, pursuant to the provisions of an Aircraft Lease Agreement, Lessee elects to extend the Term, upon such extension becoming effective, Lessor shall recalculate the above formula in respect of any

Airworthiness Directive which has been incorporated prior to the extension of the Term, substituting "R" in the above formula for the extended Term (on the basis of the then applicable Extended Expiry Date) and Lessee shall pay to Lessor an amount equal to the difference between Lessor's contribution as originally calculated and Lessor's contribution following such recalculation.

In circumstances where a mandatory modification to the Aircraft is required by JAA and/or Eurocontrol and such mandatory modification is required to be accomplished during the Term, the cost sharing formula set out above shall apply.

- (d) all maintenance is carried out according to Lessee's Maintenance Programme in at least the same manner and with at least the same care, including, without limitation, maintenance scheduling and technical condition, as is the case with respect to similar aircraft owned or otherwise operated by Lessee.

8.11 **Removal/Interchange of Engines and Parts**

- (a) **LEASE:** Lessee must replace any Engine that has suffered an Engine Event of Loss in accordance with Clause 8.11 (b) and any Part which is permanently removed from the Aircraft must be replaced in accordance with Clause 8.11 (b). Any Engine or Part may be installed on another aircraft Lessee owns in accordance with Clause 8.11 (c). Lessee may temporarily install an engine or a part in accordance with Clause 8.11 (d).
- (b) **Permanent Replacement:** If Lessee permanently replaces an Engine or Part:
 - (i) in the case of an Engine, the replacement engine must be of the same manufacturer and model, or at Lessee's option an engine of an improved model, and have Equivalent Value and equivalent remaining warranty status as the Engine it replaces, and is otherwise of an Equivalent Value and utility and suitable for installation and use on the Airframe without impairing the value or utility of the Airframe and compatible with the remaining installed Engine(s).
 - (ii) in the case of a Part, the replacement part must be in good operating condition, have as much useful life available until the next scheduled maintenance procedure, be of the same or a more advanced make and model and of the same interchangeable modification status as the Part it is replacing;

- (iii) the replacement engine or part must have become and remain, until replaced in accordance with this Clause, the property of Owner free from Security Interests (other than Permitted Liens); and
 - (iv) Lessee must have full details of the source and maintenance records of the replacement engine or part and in the case of serialised rotatable parts, also have a complete service history.
- (c) **Other Aircraft:** An Engine or Part may be installed on an aircraft which Lessee owns or leases if:
 - (i) no Event of Default has occurred and is continuing;
 - (ii) Lessee has operational control over the aircraft;
 - (iii) Owner keeps the ownership of the Engine or Part concerned until replaced in accordance with this Clause;
 - (iv) the Engine or Part does not become subject to a Security Interest (other than a Permitted Lien); and
 - (v) the Engine or Part is removed from the aircraft as soon as practicable but not later than the Expiry Date;
- (d) **Temporary Replacement:** Lessee may install any engine or part on the Aircraft as a temporary replacement if:
 - (i) no Event of Default has occurred and is continuing;
 - (ii) as soon as reasonably practicable after an engine or part is installed on the Aircraft, but no later than the Expiry Date, Lessee removes that engine or part and replaces it with the original Engine or Part (or, in the case of a Part, by a part which is allowed by Clause 8.11(b)); and
 - (iii) the Insurances for the Aircraft are not affected.

8.12 **Equipment Changes**

Lessee will not make any modification or addition to the Aircraft (each an “Equipment Change”), except for an Equipment Change which:

- (a) is expressly permitted or required by the Agreement;
- (b) has a value of less than US\$200,000; or

- (c) has the prior written approval of Lessor (such approval not to be unreasonably withheld) and does not diminish the condition or value of the Aircraft.

So long as no Event of Default has occurred and is continuing, Lessee may remove any Equipment Change provided that this does not diminish the value or condition of the Aircraft. Furthermore, Lessor may require Lessee to remove any Equipment Change on the Expiry Date to restore the Aircraft to its condition prior to that Equipment Change.

8.13 Title on an Equipment Change

Title to any equipment that becomes a Part or an Engine after the Delivery Date shall vest in Owner solely by virtue of its attachment to the Airframe or an Engine and it shall then be subject to the Agreement as if it were attached to the Aircraft at Delivery. If so requested by Lessor, Lessee will provide a properly executed bill of sale or similar instrument to evidence the vesting of title to any such equipment in Owner.

9. INSURANCE

9.1 Insurances

Lessee will maintain the Insurances in full force during the Term, and thereafter as expressly required in the Agreement, which shall be in line with best industry practice for comparable operators and the required insurance certificate(s) shall be on the basis of the current London insurance market endorsement, AVN67B or such other form from time to time as provided by the London insurance markets as may be approved by Lessor (such approval not to be unreasonably withheld) and shall be through such brokers and with such insurers and having such deductibles and subject to such exclusions as may be approved by Lessor from time to time (such approval not to be unreasonably withheld). The Insurances shall in any event meet the requirements set forth in Schedule 7.

9.2 Insurance Undertakings and Information

Lessee will:

- (a) not take out any other insurance in respect of the Aircraft that would adversely affect the interests of Owner, Lessor or any Indemnitee under the Agreement;

- (b) instruct its insurer(s) or insurance broker to telecopy confirmation of completion of renewal of the Insurances (without material adverse change) prior to each expiry date;
- (c) arrange for its insurance broker (or insurer(s) if applicable) to issue to Lessor satisfactory certificates of insurance and broker's letter of undertaking detailing the coverage as required under the Agreement promptly after each renewal date.

9.3 **Failure to Insure**

If Lessee fails to maintain the Insurances in compliance with the Agreement, each of the Indemnitees will be entitled but not bound (without prejudice to any other rights of Lessor under the Agreement):

- (a) to pay the premiums due or to effect and maintain insurances satisfactory to it as it considers reasonably appropriate. Any sums so expended by it will become immediately due and payable by Lessee to Lessor together with interest thereon at the Interest Rate, from the date of expenditure by it up to the date of reimbursement by Lessee; and
- (b) at any time while such failure is continuing to require the Aircraft to remain at any airport or to proceed to and remain at any airport designated by it until the failure is remedied to its satisfaction.

9.4 **Continuing Indemnity**

Lessee shall effect and maintain insurance after the Expiry Date with respect to its liability under Clause 10 (*Indemnity*) for a period not exceeding the earlier of two years and the completion of the next Major Check, and such insurance shall name each Indemnatee as an additional insured.

10. **INDEMNITY**

- (a) Lessee agrees to assume liability for and indemnifies each of the Indemnitees against and agrees to pay on demand Losses which an Indemnatee may suffer at any time whether directly or indirectly as a result of any act or omission in relation to:
 - (i) the ownership, maintenance, repair, possession, transfer of ownership in accordance with Clause 13.4, transfer of possession, import, export, registration, storage, modification, leasing, insurance, inspection, testing, design, date processing, sub-leasing, use, condition or other matters relating to the Aircraft; or

- (ii) any breach by the Lessee of its obligations under the Agreement.
- (b) The Lessee need not indemnify any particular Indemnatee under this Clause, to the extent the Loss is:
 - (i) caused by the gross negligence or wilful misconduct of that Indemnatee;
 - (ii) caused by Lessor's breach of the Agreement which does not result from an Event of Default;
 - (iii) related to any Taxes;
 - (iv) solely as a result of any sale, assignment, transfer or other disposition (whether voluntary or involuntary) by such Indemnatee of the Aircraft or any interest therein, unless such sale, transfer or other disposition has resulted from or occurred following an Event of Default;
 - (v) caused by an event which occurs before the commencement of the Term (except where the Loss is suffered during the Term as a result of a pre-Delivery defect or fault in the manufacture, design, maintenance, repair, rebuilding, overhaul or modification of the Aircraft);
 - (vi) caused by an event which occurs after the proper redelivery of the Aircraft to Lessor hereunder and is not attributable to any act, omission, event or circumstance occurring prior to such redelivery; or
 - (vii) an ordinary and usual overhead expense for that Indemnatee.

11. EVENTS OF LOSS

11.1 Events of Loss

- (a) If an Event of Loss occurs prior to Delivery, the Agreement will immediately terminate and except as expressly stated in the Agreement neither party will have any further obligation other than pursuant to Clause 5.22, except that Lessor will return the Deposit (if any) to Lessee and return to Lessee or cancel any Letter of Credit.
- (b) If an Event of Loss occurs after Delivery, Lessee will pay the Agreed Value to Lessor on or prior to the earlier of (i) 120 days after the Event of Loss and (ii) the date of receipt of insurance proceeds in respect of that Event of Loss provided that, in respect of an Event of

Loss falling within part (d) of the definition thereof, Lessee will only be required to pay the Agreed Value as aforementioned if, on the due date of payment the Event of Loss is still subsisting.

- (c) Subject to the rights of any insurers and reinsurers or other third party, upon irrevocable payment in full to Lessor of the Agreed Value and all other amounts which may be or become payable to Lessor under the Agreement, Lessor will, or will procure that Owner will, without recourse or warranty (except as to freedom from Lessor's Liens) transfer to Lessee or will procure that Owner transfers to Lessee all of Owner's rights to the Aircraft, on an as-is where-is basis, and execute and deliver or will procure that Owner executes and delivers such bills of sale and other documents and instruments as Lessee may reasonably request to evidence (on the public record or otherwise) such transfer, free and clear of all rights of Lessor and Owner and Lessor Liens.

11.2 Requisition

During any requisition for use or hire of the Aircraft, any Engine or Part which does not constitute an Event of Loss:

- (a) the Rent and other charges payable under the Agreement will not be suspended or abated either in whole or in part, and Lessee will not be released from any of its other obligations (other than operational obligations with which Lessee is unable to comply solely by virtue of the requisition); and
- (c) so long as no Event of Default has occurred and is continuing, Lessee will be entitled to any hire paid by the requisitioning authority in respect of the Term. Lessee will, as soon as practicable after the end of any such requisition, cause the Aircraft to be put into the condition required by the Agreement.

12. RETURN OF AIRCRAFT

12.1 Return

On the Expiry Date or redelivery of the Aircraft pursuant to Clause 13.2 or termination of the leasing of the Aircraft under the Agreement, Lessee will, unless an Event of Loss has occurred, redeliver the Aircraft and the Aircraft Documents and Records at Lessee's expense to Lessor at the Redelivery Location, in accordance with the procedures and in compliance with the conditions set forth in Schedule 6, free and clear of all Security Interests (other than Lessor Liens) and in a condition qualifying for immediate certification of airworthiness under FAR Part 121 or as otherwise agreed by Lessor and Lessee. If requested by Lessor, Lessee shall thereupon cause the Aircraft to be deregistered by the Air Authority.

12.2 Non-Compliance

If at the time of Final Inspection Lessee has not fully complied with any of its obligations under the Agreement (including without limitation Schedule 6), or Lessee fails to make the Aircraft available to Lessor on a timely basis for inspection and redelivery pursuant to Clause 12.1 and Schedule 6, (*Condition at Redelivery*) (whether such failure is due to any act or omission of Lessee or any other circumstance whatsoever), the Term shall be extended until the time when the Aircraft has been redelivered to Lessor in full compliance with the Agreement, for the sole purpose of enabling such non-compliance or failure to be promptly rectified, and during such extension period:

- (a) Lessee shall not use the Aircraft in flight operations except those related directly to the re-delivery of the Aircraft to Lessor; and
- (b) all Lessee's obligations and covenants under the Agreement will remain in full force until Lessee so redelivers the Aircraft.

Any such extension shall not prejudice Lessor's right to treat such non-compliance or failure as an Event of Default at any time, and to enforce such rights and remedies as may be available to Lessor in respect thereof under the terms of the Agreement or applicable Law.

Lessor may elect (either on first tender of the Aircraft by Lessee or at any time during the said extension period) to accept redelivery of the Aircraft notwithstanding non-compliance with Clause 12.1 or

Schedule 6, in which case Lessee will indemnify Lessor in respect of the cost to Lessor of putting the Aircraft into the condition required by the Agreement.

12.3 Redelivery

Upon redelivery Lessee will provide to Lessor, upon Lessor's request, all documents necessary to export the Aircraft from the Habitual Base (including, without limitation, a valid and subsisting export license for the Aircraft) and required in relation to the deregistration of the Aircraft with the Air Authority.

12.4 Redelivery Certificate

Provided Lessee has complied with its obligations under Clause 12 and Schedule 6 (*Condition at Redelivery*) of the Agreement, following redelivery of the Aircraft by Lessee to Lessor at the Redelivery Location, Lessor will deliver to Lessee a Redelivery Certificate confirming that Lessee has redelivered the Aircraft to Lessor in accordance with the Agreement which acknowledgement shall be without prejudice to Lessor's accrued and continuing rights at that time under the Agreement.

13. DEFAULT

13.1 Events

The occurrence of any of the Events of Default will constitute a repudiation (but not a termination) of the Agreement by Lessee (whether the occurrence of any such Event of Default is voluntary or involuntary or occurs by operation of Law or pursuant to or in compliance with any judgement, decree or order of any court or any order, rule or regulation of any Government Entity).

13.2 Rights and Remedies

If an Event of Default occurs, Lessor may at its option (and without prejudice to any of its other rights under the Agreement), at any time thereafter (without notice to Lessee except as required under applicable Law):

- (a) accept such repudiation and by notice to Lessee and with immediate effect terminate the leasing of the Aircraft (but without prejudice to the continuing obligations of Lessee under the Agreement), whereupon all rights of Lessee under the Agreement shall cease; and/or

- (b) proceed by appropriate court action or actions to enforce performance of the Agreement or to recover damages for the breach of the Agreement; and/or
- (c) either:
 - (i) take possession of the Aircraft, for which purpose Lessor may enter any premises belonging to or in the occupation of or under the control of Lessee where the Aircraft may be located, or cause the Aircraft to be redelivered to Lessor at the Redelivery Location (or such other location as Lessor may require), and Lessor is hereby irrevocably by way of security for Lessee's obligations under the Agreement appointed attorney for Lessee in causing the redelivery or in directing the pilots of Lessee or other pilots to fly the Aircraft to that airport and will have all the powers and authorisations necessary for taking that action; or
 - (ii) by serving notice require Lessee to redeliver the Aircraft to Lessor at the Redelivery Location (or such other location as Lessor may require).

13.3 **Default Indemnity**

If an Event of Default occurs, or the Aircraft is not delivered on the proposed Delivery Date solely by reason of a failure by Lessee to accept delivery of the Aircraft in compliance with the provisions of the Agreement, Lessee will indemnify Lessor on demand against any Loss which Lessor may sustain or incur as a result of such Event of Default or non-delivery, including (but not limited to):

- (a) provided the Lessor has terminated the Agreement in accordance with Clause 13.2(a), any loss of profit suffered by Lessor because of Lessor's inability to place the Aircraft on lease with another lessee on terms as favourable to Lessor as the Agreement, or because whatever use, if any, to which Lessor is able to put the Aircraft upon its return to Lessor, or the funds arising upon a sale or other disposal of the Aircraft, is not as profitable to Lessor as the Agreement;
- (b) any amount of principal, interest, fees or other sums whatsoever paid or payable on account of funds borrowed in order to carry any unpaid amount;
- (c) provided the Lessor has terminated the Agreement in accordance with Clause 13.2(a), any Loss which may be incurred in repaying funds raised to finance the Aircraft or in unwinding any swap,

forward interest rate agreement or other financial instrument relating in whole or in part to Lessor's financing of the Aircraft; and

- (d) any Loss sustained or incurred by Lessor in or as a result of exercising any of its rights or remedies pursuant to Clause 13.2 or as a result of Lessee's failure to redeliver the Aircraft on the date, at the place and in the condition required by the Agreement.

Lessor will use reasonable endeavours to mitigate such Losses, provided always that this provision is without prejudice to Lessor's rights under Clause 13.2 and 13.4.

13.4 Sale or Re-lease of Aircraft

If an Event of Default occurs, Lessor may sell or re-lease or otherwise deal with the Aircraft at such time and in such manner and on such terms as Lessor considers appropriate in its absolute discretion, free and clear of any interest of Lessee, as if the Agreement had never been entered into.

13.5 Deregistration

If an Event of Default occurs, Lessee will at the request of Lessor immediately take all steps necessary to effect (if applicable) deregistration of the Aircraft and its export from the country where the Aircraft is for the time being situated, and any other steps necessary to enable the Aircraft to be redelivered to Lessor in accordance with the Agreement.

14. ASSIGNMENT

14.1 Lessee

Lessee will not transfer any of its rights or obligations under the Agreement.

14.2 Lessor

Lessor may, without the consent of Lessee transfer any of its rights or obligations under the Agreement or any of its right, title or interest in and to the Aircraft, including (without limitation) pursuant to:

- (a) a sale and leaseback;
- (b) a novation of the Agreement together with a sale of the Aircraft; or
- (c) a secured loan financing.

Lessor will promptly notify Lessee of any transfer and Lessee agrees promptly to execute and deliver in connection with any transfer such documents and assurances (including, without limitation, a consent to the transfer) and to take such further action as Lessor may reasonably request to establish or protect the rights and remedies created or intended to be created in favour of the transferees in connection with any transfer.

14.3 **Conditions**

In connection with any such transfer by Lessor:

- (a) **Quiet Enjoyment:** as a condition precedent to such transfer becoming effective, Lessor will procure that the transferee or any new owner of the Aircraft (save where such new owner is also the "Lessor" hereunder) or any new holder of a mortgage over the Aircraft or any holder of an interest in the Aircraft (by way of security or otherwise), as the case may be, shall execute and deliver to Lessee a letter of quiet enjoyment in respect of Lessee's use and possession of the Aircraft in a form reasonably satisfactory to Lessee;
- (b) **No Additional Cost:** If at the time of any such assignment or transfer by Lessor there arises any obligation to make a payment to the assignee or transferee which exceeds the amount which Lessee would have been obliged to pay under the Agreement to Lessor if no such transfer or assignment had taken place, then Lessee shall not be obliged to pay the amount of such excess; and
- (c) **No Alteration of Terms:** the assignment or transfer, change of ownership or nationality of Lessor shall not alter the terms and conditions of the Agreement as they define Lessee's rights and obligations without the prior consent of Lessee, and Lessee's financial obligations hereunder shall not be increased nor shall Lessee's rights be reduced as a result of such assignment of transfer; and
- (d) **Costs:** Lessor shall reimburse to Lessee its reasonable out-of-pocket expenses (including, without limitation, legal expenses) actually incurred in connection with co-operating with Lessor in relation to any such transfer referred to in this Clause 14, provided that such expenses are substantiated to Lessor's reasonable satisfaction; and
- (e) **Information:** In connection with any proposed transfer, Lessor will provide to Lessee any financial and other relevant information in respect of the proposed transferee or assignee (and, as appropriate, the entity which supports the proposed transferee) reasonably

requested by Lessee within a reasonable period prior to the effectiveness of such transfer.

15. MISCELLANEOUS

15.1 Illegality

If as a result of any change in Law or in the interpretation of any Law, after the date of the Agreement it is or becomes unlawful in any jurisdiction for either party (the "Affected Party"), but excluding any unlawfulness caused by an act or omission of the Affected Party, to give effect to any of its obligations or to continue the Agreement, the Affected Party may by notice in writing to the other party terminate the leasing of the Aircraft under the Agreement, such termination to take effect on the latest date (the "Effective Date") on which the Affected Party may continue to perform its obligations without being in breach of applicable Regulations, and Lessee will forthwith redeliver the Aircraft to Lessor in accordance with Clause 12. Without prejudice to the foregoing, Lessor and Lessee will consult in good faith up to the Effective Date as to any steps which may be taken (at no cost to Lessor) to restructure the transaction to avoid such unlawfulness and to enter into substitute arrangements which are valid, legal and enforceable and which have the same commercial effect as the Agreement.

15.2 Waivers, Remedies Cumulative

The rights of Lessor under the Agreement may be exercised as often as necessary, are cumulative and not exclusive of its rights under any Law; and may be waived only in writing and specifically. Delay by Lessor in exercising, or non-exercise of, any such right will not constitute a waiver of that right.

15.3 Delegation

Lessor may delegate to any Person all or any of the rights, powers or discretions vested in it by the Agreement, and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as Lessor in its absolute discretion thinks fit.

15.4 Severability

If a provision of the Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of the Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of the Agreement.

15.5 **Remedy**

If Lessee fails to comply with any provision of the Agreement, Lessor may, without being in any way obliged to do so or responsible for so doing and without prejudice to the ability of Lessor to treat such non-compliance as an Event of Default, effect compliance on behalf of Lessee, whereupon Lessee shall become liable to pay immediately any sums expended by Lessor together with all costs and expenses (including legal costs) in connection with the non-compliance.

15.6 **Time of Essence**

The time stipulated in the Agreement (without prejudice to any grace periods specified in Schedule 9) for all payments payable by Lessee and Lessor and the prompt, punctual performance of Lessee's or Lessor's other obligations under the Agreement are of the essence of the Agreement.

15.7 **Notices**

All notices under, or in connection with, the Agreement will, unless otherwise stated, be given in writing by letter sent by registered mail with requested acknowledgement of receipt or facsimile. Any such notice is deemed effectively to be given as follows:

- (a) if by letter, on the earlier of the date when delivered as evidenced by the aforementioned acknowledgment; and
- (b) if by facsimile, when transmitted and full transmission is acknowledged by fax by the recipient.

The addresses and facsimile and telephone numbers of Lessee and Lessor are set forth in the applicable Aircraft Lease Agreement.

15.8 **Governing Law and Jurisdiction**

- (a) The Agreement in all respects shall be governed by, and construed in accordance with, the Governing Law. The **U.N. Convention on Contracts for the International Sales of Goods** is not applicable to the Agreement and all of its terms must be construed in accordance with the Governing Law applicable to domestic transactions in the jurisdiction to which the Governing Law pertains.

- (b) Each of Lessor and Lessee agrees that the courts of England are to have non-exclusive jurisdiction to settle any disputes arising out of or relating to the Agreement and submits itself and its property to the non-exclusive jurisdiction of the foregoing courts with respect to such disputes.
- (c) Without prejudice to any other mode of service,:
 - (i) Lessee appoints its London Office currently located at as its agent for service of process relating to any proceedings before the English courts in connection with the Agreement and agrees to maintain the process agent in England notified to Lessor;
 - (ii) Lessor appoints in England as its agent for service of process relating to any proceedings before the English courts in connection with the Agreement and agrees to maintain the process agent in England notified to Lessee;
 - (iii) each party agrees that failure by a process agent to notify the relevant appointor of the process shall not invalidate the proceedings concerned;
 - (iv) each party consents to the service of process relating to any such proceedings by prepaid mailing of a copy of the process to the other party's agent at the address identified in paragraph (i) or (ii) or by prepaid mailing by air mail, certified or registered mail of a copy of the process to the other party at the address set forth in Clause 15.7.
- (d) Each Party:
 - (i) waives to the fullest permitted by Law any objection which it may now or hereafter have to the courts referred to in Clause 15.8(b) above on grounds of inconvenient forum or otherwise as regards proceedings in connection with the Agreement;
 - (ii) waives to the fullest extent permitted by Law any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to the Agreement brought in the courts referred to in Clause 15.8(b); and
 - (iii) agrees that a judgement or order of any court referred to in Clause 15.8(b) in connection with the Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

- (e) Nothing in this Clause 15.8 limits the right of either party to bring proceedings against the other in connection with the Agreement:
 - (i) in any other court of competent jurisdiction; or
 - (ii) concurrently in more than one jurisdiction.
- (f) Each party irrevocably and unconditionally:
 - (i) agrees that if the other party brings legal proceedings against it or its assets in relation to the Agreement no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgement, other attachment, the obtaining of judgement, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;
 - (ii) waives any such right of immunity which it or its assets now has or may in the future acquire; and
 - (iii) consents LEASEly in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgement which may be made or given in such proceedings.

15.9 Sole and Entire Agreement

The Agreement is the sole and entire agreement between Lessor and Lessee in relation to the leasing of the Aircraft, and supersedes all previous agreements in relation to that leasing. Any amendments to the Agreement must be made in writing and signed on behalf of Lessor and Lessee.

15.10 Indemnitees

All rights expressed to be granted to each Indemnatee (other than Lessor) under the Agreement are given to Lessor on behalf of that Indemnatee.

15.11 Counterparts

The Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

15.12 Language

All notices to be given under the Agreement will be in English. All documents delivered to Lessor pursuant to the Agreement (including without limitation any documents to be delivered pursuant to the Conditions Precedent) will be in English, or if not in English, will be accompanied by a certified English translation. If there is any inconsistency between the English version of the Agreement and any version in any other language, the English version will prevail.

16. DISCLAIMERS AND WAIVERS

LESSOR AND LESSEE AGREE THAT THE DISCLAIMERS, WAIVERS AND CONFIRMATIONS SET FORTH IN CLAUSES 16.1 TO 16.4 BELOW SHALL APPLY AT ALL TIMES DURING THE TERM. LESSEE'S ACCEPTANCE OF THE AIRCRAFT IN ACCORDANCE WITH CLAUSE 4.3 HEREOF SHALL BE CONCLUSIVE EVIDENCE THAT LESSEE HAS FULLY INSPECTED THE AIRCRAFT AND EVERY PART THEREOF AND THAT THE AIRCRAFT, THE ENGINES, THE PARTS AND THE AIRCRAFT DOCUMENTS AND RECORDS ARE TECHNICALLY ACCEPTABLE TO LESSEE AND SATISFY THE DELIVERY CONDITION REQUIREMENTS AND ARE IN SUITABLE CONDITION FOR DELIVERY TO AND ACCEPTANCE BY LESSEE.

16.1 Exclusion

THE AIRCRAFT IS TO BE LEASED AND DELIVERED HEREUNDER "AS IS, WHERE IS", AND LESSEE AGREES AND ACKNOWLEDGES THAT, SAVE AS EXPRESSLY STATED IN THE AGREEMENT:

- (A) LESSOR WILL HAVE NO LIABILITY IN RELATION TO, AND LESSOR HAS NOT AND WILL NOT BE DEEMED TO HAVE ACCEPTED, MADE OR GIVEN (WHETHER BY VIRTUE OF HAVING DONE OR FAILED TO DO ANY ACT, OR HAVING ACQUIRED OR FAILED TO ACQUIRE ANY STATUS UNDER OR IN RELATION TO THE AGREEMENT OR OTHERWISE), ANY CONDITIONS, WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO, THE AIRCRAFT OR ANY ENGINE OR PART OR ANY SERVICES PROVIDED BY LESSOR UNDER THE AGREEMENT, INCLUDING (BUT NOT LIMITED TO) THE DESCRIPTION, AIRWORTHINESS, COMPLIANCE WITH SPECIFICATIONS, OPERATION, MERCHANTABILITY, QUALITY, FREEDOM FROM INFRINGEMENT OF PATENT OR OTHER PROPRIETARY RIGHTS, FITNESS FOR ANY PARTICULAR USE OR PURPOSE, VALUE, DURABILITY, DATE PROCESSING, CONDITION, OR DESIGN, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP, THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR AS TO ANY OTHER MATTER WHATSOEVER, EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED

WARRANTY ARISING FROM A COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE) WITH RESPECT TO THE AIRCRAFT, ANY ENGINE OR ANY PART OR ANY SERVICES PROVIDED BY LESSOR UNDER THE AGREEMENT; AND

(B) LESSOR SHALL NOT HAVE ANY OBLIGATION OR LIABILITY WHATSOEVER TO LESSEE (WHETHER ARISING IN CONTRACT OR IN TORT, AND WHETHER ARISING BY REFERENCE TO NEGLIGENCE, MISREPRESENTATION OR STRICT LIABILITY OF LESSOR OR OTHERWISE) FOR:

- (i) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE AIRCRAFT OR ANY ENGINE OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCE IN CONNECTION THEREWITH;
- (ii) THE USE, OPERATION OR PERFORMANCE OF THE AIRCRAFT OR ANY RISKS RELATING THERETO;
- (iii) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR ANY OTHER DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE; OR
- (iv) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE AIRCRAFT, ANY ENGINE OR ANY PART.

16.2 **Waiver**

LESSEE HEREBY WAIVES, AS BETWEEN ITSELF AND THE LESSOR, ALL ITS RIGHTS IN RESPECT OF ANY CONDITION, WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, ON THE PART OF LESSOR AND ALL CLAIMS AGAINST LESSOR HOWSOEVER AND WHENEVER ARISING AT ANY TIME IN RESPECT OF OR OUT OF ANY OF THE MATTERS REFERRED TO IN CLAUSE 16.1.

16.3 **Disclaimer Of Consequential Damages**

LESSEE AGREES THAT IT SHALL NOT BE ENTITLED TO RECOVER, AND HEREBY DISCLAIMS AND WAIVES ANY RIGHT THAT IT MAY OTHERWISE HAVE TO RECOVER, LOST PROFITS OR REVENUES OR CONSEQUENTIAL DAMAGES AS A RESULT OF ANY BREACH OR ALLEGED BREACH BY LESSOR OF ANY OF THE AGREEMENTS CONTAINED IN THE AGREEMENT.

16.4 **Confirmation**

LESSEE CONFIRMS THAT IT IS FULLY AWARE OF THE PROVISIONS OF THIS CLAUSE 16 AND ACKNOWLEDGES THAT RENT AND OTHER AMOUNTS HAVE BEEN CALCULATED BASED ON ITS PROVISIONS.

17. BROKERS AND OTHER THIRD PARTIES

17.1 No Brokers

Each of the parties hereby represents and warrants to the other that it has not paid, agreed to pay or caused to be paid directly or indirectly in any form, any commission, percentage, contingent fee, brokerage or other similar payments of any kind, in connection with the establishment or operation of the Agreement, to any Person (other than fees payable to Lessee's legal advisers).

17.2 Indemnity

Each party agrees to indemnify and hold the other harmless from and against any and all claims, suits, damages, costs and expenses (including, but not limited to reasonable attorneys' fees) asserted by any agent, broker or other third party for any commission or compensation of any nature whatsoever based upon the Agreement or the Aircraft, if such claim, suit, damage, cost or expense arises out of any breach by the indemnifying party, its employees or agents of Clause 17.1.

IN WITNESS whereof the parties hereto have executed the Common Terms Agreement on the date shown at the beginning of the document.

SIGNED at Paris, France

on behalf of **LEASE INTL Corporation**

By: _____

Name: _____

Title: _____

SIGNED at Paris, France

on behalf of **AERIEN Air**

By: _____

Name: _____

Title: _____

SCHEDULE 1

DEFINITIONS - PART 1

The following words and expressions have the respective meanings set forth below:

Agreement means the Aircraft Lease Agreement for the Aircraft (of which this Common Terms Agreement forms part), any schedules or documents executed pursuant to the Schedules hereto and any side letters related to the Agreement.

Air Authority means the civil aviation authority (howsoever described) of the State of Registry.

Aircraft Lease Agreement means an aircraft lease agreement entered or to be entered into between the parties hereto.

Aircraft Documents and Records means the documents, data and records identified in the list attached to the Certificate of Acceptance, and any other documents and records required in connection with Lessee's obligations under Clause 8.8 of this Common Terms Agreement, and all

additions, renewals, revisions and replacements from time to time made to any of the foregoing in accordance with the Agreement.

Airframe means the Aircraft, excluding the Engines and Aircraft Documents and Records.

Airworthiness Directive means an airworthiness directive issued by the State of Design or the State of Registry.

APU means the auxiliary power unit installed on the Aircraft on the Delivery Date and any replacement auxiliary power unit installed on the Aircraft and title to which is transferred to Owner in accordance with the Agreement.

Banking Day means any date other than a Saturday, Sunday or other day on which banking institutions in New York, New York and Casablanca, Co. are authorised or required by Law to be closed.

Business Day means any day other than a Saturday, Sunday or other day on which banking institutions in Ireland, England, Co. or New York, New York are authorised or required by Law to be closed.

“C” Check means a “C” check in accordance with the Lessee’s Maintenance Programme and the Manufacturer’s Maintenance Planning Document each in effect on the relevant date.

Certificate of Acceptance means a certificate of acceptance in the form of Part 1 or Part 2, as applicable, of Schedule 5.

Conditions Precedent means the conditions specified in Schedule 3.

Cycle means one take-off and landing of the Aircraft.

Defect means any defect or non-conformity with the Delivery Condition Requirements notified by Lessee to Lessor during the Pre-Delivery Procedure.

Delivery means delivery of the Aircraft by Lessor to Lessee under the Agreement.

Delivery Date means the date on which Delivery occurs.

Dollars and \$ means the lawful currency of the United States of America.

Engine means, whether or not installed on the Aircraft:

- (a) each engine of the manufacture and model specified in the Agreement for the Aircraft which Lessor offers to Lessee for delivery with the Airframe on the Delivery Date, such engines being described as to serial numbers on the Certificate of Acceptance; and

- (b) any Replacement Engine, with effect from the time when title thereto has passed to Owner in accordance with the Agreement;

and in each case includes all modules and Parts from time to time belonging to or installed in that engine but excludes any properly replaced engine title to which should have passed to Lessee pursuant to the Agreement.

Engine Cycle means operation of an engine on an aircraft from and including a take-off to and including the landing of that aircraft.

Engine Event of Loss means the occurrence, with respect to an Engine only, whether or not installed on the Airframe, of any of those events described in the definition of Event of Loss.

Engine Flight Hour means each hour or part thereof an Engine is operated, elapsing from the moment the wheels of an aircraft on which such Engine is installed leave the ground until the wheels of such aircraft next touch the ground.

Engine LLP Replacement has the meaning given in Clause 7.2 (b);

Equipment Change has the meaning given in Clause 8.12.

Equivalent Value in respect of an engine means the fair market monetary amount determined in Dollars for any engine of similar configuration, modifications status and utility as the Engine.

Eurocontrol means the European Organisation for the Safety of Air Navigation.

Event of Default means any event or condition specified in Schedule 9.

Event of Loss means with respect to the Aircraft (including for the purposes of this definition the Airframe):

- (a) the actual or constructive, compromised, arranged or agreed total loss of the Aircraft; or
- (b) the Aircraft being destroyed, damaged beyond economic repair or permanently rendered unfit for normal use for any reason whatsoever; or
- (c) the Aircraft being requisitioned for title, or title to the Aircraft being otherwise compulsorily acquired by the government of the State of Registry or any other authority; or
- (d) the Aircraft being hijacked, stolen, confiscated, detained or requisitioned for use or hire for (i) a period of more than 30 days or

(ii) if a shorter period, such number of days as ends on the Expiry Date.

Expiry Date means the Original Scheduled Expiry Date or, if extended, the Extended Expiry Date or, if earlier

- (i) the date when Lessor acting in accordance with the provisions of the Agreement, terminates the leasing of the Aircraft to Lessee under the Agreement, or
- (ii) subject to the provisions of Clause 11.1 and 11.2, the date when Lessor receives the Agreed Value together with any other amounts then due and unpaid under the Agreement following an Event of Loss; or
- (iii) the date upon which the leasing of the Aircraft terminates following the exercise by Lessee of any early termination rights set out in the Aircraft Lease Agreement in accordance with the terms thereof

provided that if the Term is extended pursuant to Clause 12.2, the Expiry Date shall be extended to the date when the Aircraft has been redelivered to Lessor in full compliance with the Agreement;

FAA means the Federal Aviation Administration of the United States of America and any successor thereof.

FAR means the Federal Aviation Regulations set forth in Title 14 of the United States Code of Federal Regulations, as amended and modified from time to time.

Final Inspection has the meaning given in Clause 1.1 of Schedule 6.

Financial Information means:

- (a) if requested by Lessor, the monthly economic reports of Lessee (in Dollars), in English in respect of the preceding three months certified by a qualified financial officer of Lessee as being true and correct; and
- (b) as soon as available but not in any event later than 180 days after the last day of each financial year of Lessee, its audited balance sheet in English as of such day and its audited profit and loss statement for the year ending on such day (each in Dollars) provided that if, after the date hereof, Lessee is required by applicable accounting standards in the State of Co. to produce consolidated financial statements, the statements to be provided hereunder shall also be provided on a consolidated basis.

Financing Parties means the Person or Persons from time to time notified by Lessor to Lessee as providing finance to Lessor or Owner in respect of its acquisition, ownership or leasing of the Aircraft, whether by way of superior lease, loan or otherwise.

Flight Hour means each hour or part thereof elapsing from the moment the wheels of the Aircraft leave the ground on take off until the wheels of the Aircraft next touch the ground.

Geneva Convention means the Convention for the International Recognition of Rights in Aircraft, signed (ad referendum) at Geneva, Switzerland, on June 19, 1948, and amended from time to time, but excluding the terms of any adhesion thereto or ratification thereof containing reservations to which the United States of America does not accede.

Governing Law means the Laws of England.

Government Entity means:

- (a) any national government, political subdivision thereof, or local jurisdiction therein;
- (b) any instrumentality, board, commission, court, or agency of any of the above, however constituted; or
- (c) any association, organisation, or institution of which any of the above is a member or to whose jurisdiction any thereof is subject or in whose activities any of the above is a participant.

Holding Company shall be construed in accordance with Section 736 of the Companies Act 1985 as substituted by Section 144 (I) of the Companies Act 1989.

Indemnatee means each of Lessor, Owner, Corporation, (and following fifteen days' prior written notice from Lessor setting out the identity of any Financing Parties, the Financing Parties) and in each case each of their respective shareholders, directors, officers, agents and employees.

Insolvent means in relation to any relevant Person that such Person:

- (a) cannot or is deemed by applicable Law to be unable to pay its debts;
- (b) stops trading or threatens to stop trading;
- (c) goes into liquidation or is wound up in any jurisdiction (other than a solvent re-organisation which Lessor approves in writing);

- (d) goes into administrative receivership or administration, has a receiver appointed over any of its assets or is the subject of any similar proceedings in any country;
- (e) proposes a voluntary arrangement or scheme of arrangement to creditors; or
- (f) enters into any process or scheme for the benefit of creditors as a whole under which their rights are suspended or affected.

Insurances means insurances in respect of the Aircraft in form and substance satisfactory to Lessor, and includes (without limitation) any insurances and reinsurances required by Clause 9 and Schedule 7.

JAA means the body referred to as the “Joint Aviation Authorities” established by the members of the European Civil Aviation Conference.

JAR means the Joint Aviation Requirements of the JAA.

Landing Gear means the landing gear assembly of the Aircraft excluding any rotatable components.

Law means and includes (a) any statute, decree, constitution, regulation, order, judgement or other directive of any Government Entity; (b) any treaty, pact, compact or other agreement to which any Government Entity is a signatory or party; (c) any judicial or administrative interpretation or application of any Law described in (a) or (b) above; and (d) any amendment or revision of any Law described in (a), (b) or (c) above.

Lessee means the Person named as Lessee in the applicable Aircraft Lease Agreement.

Lessee Affiliate means any Subsidiary or Holding Company for the time being of Lessee.

Lessee Group means the Lessee and its Subsidiaries and Holding Company from time to time.

Lessee’s Maintenance Programme means the Maintenance Programme, as at the date of the Agreement, specifically approved by the Air Authority for Lessee’s maintenance of the Aircraft as the same may be revised from time to time with the prior consent of Lessor.

Lessor means the Person named as Lessor in the applicable Aircraft Lease Agreement.

Lessor Lien means any Security Interest whatsoever from time to time created by Lessor or Owner in connection with the financing of the Aircraft and any other Security Interest in the Aircraft which results from acts of or

claims against Lessor or Owner not related to the transactions contemplated by or permitted under the Agreement.

Letter of Credit means any letter of credit issued in relation to the Agreement pursuant to Clause 5.14 and any replacement or renewal of that letter of credit.

Losses means any cost, expense (including the fees and expenses of professional advisers), financial liability, damage or financial loss of any kind, whether direct or indirect.

Maintenance Contributions means all amounts payable by Lessor pursuant to Clause 7.2.

Maintenance Performer means such Person as is approved by the FAA and/or JAA to perform maintenance and/or modification services on commercial aircraft and/or commercial aircraft engines, which Person shall be agreed by Lessor and Lessee to have recognised standing and experience, first class facilities, and suitable equipment to perform such services on aircraft and/or engines of the same or improved model as the Aircraft or, in the case of engines, the Engines.

Maintenance Programme means an Air Authority approved maintenance programme for the Aircraft in accordance with the Manufacturer's specifications, service bulletins, planning documents, maintenance manuals and documents and encompassing scheduled maintenance (including block maintenance), condition-monitored maintenance, and/or on-condition maintenance of Airframe, Engines and Parts, including but not limited to, servicing, testing, preventive maintenance, repairs, structural inspections, system checks, overhauls, approved modifications, service bulletins, engineering orders, airworthiness directives, corrosion control, inspections and treatments.

Major Checks means any C-Check, multiple C-Check or heavier Check (including structural inspections and C-Check) suggested for commercial aircraft of the same model as the Aircraft by its manufacturer (however denominated) as set out in the Lessee's Maintenance Programme.

Manufacturer's Maintenance Planning Document means the recommended maintenance programme for the Aircraft issued by the Manufacturer.

Material Lessee Affiliate means any Lessee Affiliate which from time to time owns at least 15% of the assets of the Lessee Group (excluding book debts) or generates at least 15% of the total revenues of the Lessee Group.

Nameplates means the fireproof plates to be installed on the Aircraft in accordance with Clause 8.6 (a).

Other Agreements: means any aircraft lease agreement between Owner (or any subsidiary, associate or affiliate of Owner) and/or Lessor (or any subsidiary, associate or affiliate of Lessor) and Lessee (or any Subsidiary, associate or affiliate of Lessee).

Part means, whether or not installed on the Aircraft:

- (a) any component, furnishing or equipment (other than a complete Engine) furnished with the Aircraft on the Delivery Date; and
- (b) any other component, furnishing or equipment (other than a complete Engine), with effect from the time when title thereto has passed to Owner pursuant to the Agreement;

but excludes any such items title to which should have passed to Lessee pursuant to the Agreement.

Part 36 or FAR Part 36 means Part 36 of the FAR, as amended or modified from time to time.

Part 121 or FAR Part 121 means Part 121 of the FAR, as amended or modified from time to time.

Permitted Lien means:

- (a) any lien for Taxes not assessed or, if assessed, not yet due and payable, or being contested in good faith by appropriate proceedings;
- (b) any lien of a repairer, mechanic, carrier, hangar-keeper or other similar lien arising in the ordinary course of business by operation of Law in respect of obligations which are not overdue or are being contested in good faith by appropriate proceedings;
- (c) any Lessor Lien; and
- (d) the rights of others under any sub-lease agreements or arrangements to the extent expressly permitted under Clause 8.4;

but only if (in the case of both (a) and (b)) such proceedings, or the continued existence of the lien, do not give rise to any likelihood of the sale, forfeiture or other loss of the Aircraft or any interest therein or of criminal liability on Lessor or Owner;

Permitted Sub-Lease means any sub-lease of the Aircraft to a Permitted Sub-Lessee as provided for pursuant to Clause 8.4 (a).

Permitted Sub-Lessee means any Lessee of the Aircraft under a Permitted Sub-Lease as provided for pursuant to Clause 8.4 (a).

Person means any individual person, any form of corporate or business association, trust, Government Entity, or organisation or association of which any of the above is a member or a participant.

Pre-Delivery Procedure means the procedure leading to Delivery as specified in Schedule 4.

Redelivery Certificate means a redelivery Certificate in the form of Schedule 10.

Regulations means any Law or regulation (including any internal corporate regulation), official directive or recommendation, mandatory requirement or contractual undertaking which applies to Lessee or the Aircraft and any Law or regulation, official directive or recommendation or mandatory requirement which applies to Lessor, Owner or GECAS.

Relevant Documents means this Common Terms Agreement and the applicable Aircraft Lease Agreement.

Rent means all amounts payable pursuant to Clause 5.3.

Rental Period means each period ascertained in accordance with Clause 5.2.

Rent Commencement Date means the date on which Lessor properly offers the Aircraft for Delivery to Lessee under Clause 4.3(a).

Rent Date means the first day of each Rental Period.

Replacement Engine means an engine of the same manufacturer and model, and having equivalent value, utility, modification status, time elapsed since Engine Refurbishment and remaining warranty status as the Engine it is intended to replace under Clause 8.11, or, at Lessee's option, an engine of the same manufacturer as such Engine but of an improved model, and otherwise of an equivalent value and utility and suitable for installation and use on the Airframe without impairing the value or utility of the Airframe and compatible with the remaining installed Engine.

Required LC Expiry Date means the date being 30 days after the Expiry Date.

Return Occasion means the date on which the Aircraft is redelivered to Lessor in accordance with Clause 12.

Scheduled Delivery Date means the date notified by Lessor pursuant to Clause 4.1(a).

Scheduled Delivery Week means the week notified by Lessor to Lessee pursuant to Clause 4.1 (a) in which Delivery is scheduled to occur.

Security Interest means any mortgage, charge, pledge, lien, encumbrance, assignment, hypothecation, right of detention, right of set-off or any other agreement or arrangement having the effect of conferring security.

State of Incorporation means the State of Co. .

State of Design means the state having jurisdiction over the Person responsible for the type design of the Aircraft or any Engine or Part.

State of Registry means the State of Co. .

Subsidiary means:

- (a) in relation to any reference to accounts, any company whose accounts are consolidated with the accounts of Lessee in accordance with accounting principles LEASEE has accepted under accounting standards of the State of Incorporation;
- (b) for any other purpose, an entity from time to time:
 - (i) of which another has direct or indirect control or owns directly or indirectly more than 50 percent of the voting share ; or
 - (ii) which is a direct or indirect subsidiary of another under the Laws of the jurisdiction of its incorporation.

Supplemental Rent means, as applicable, all amounts payable under the Agreement in respect of each of Airframe Supplemental Rent, Engine Supplemental Rent, Engine LLP Supplemental Rent, APU Supplemental Rent and Landing Gear Supplemental Rent.

Taxes means any and all present and future taxes, duties, withholdings, levies, assessments, imposts, fees and other governmental charges of all kinds (including without limitation any value added or similar tax and any stamp, documentary, license, registration or similar fees or tax), together with any penalties, fines, surcharges and interest thereon and any additions thereto.

Tax Indemnities means Owner, Lessor, each Financing Party, and LEASE INTL Corporation (GECC) and each member of the consolidated group of which GECC is a member for U.S. Federal Income Tax purposes.

Technical Report means a monthly report of the Flight Hours, Cycles, Engine Flight Hours and Engine Cycles operated by the Airframe and Engines in respect of each calendar month in the form required by Lessor.

Term means the period commencing on the Delivery Date and ending on the Expiry Date.

Unforeseen Event means any cause or event beyond the control of the Lessor and not caused by its gross negligence including:

- (a) war, civil disturbance or act of any Government Entity;
- (b) natural disaster;
- (c) unexpected shortage of materials or facilities affecting the Aircraft;
- (d) any Defect;
- (e) labour disputes;
- (f) breach of contract by any Person other than Lessor with possession or control of the Aircraft or any purchase agreement for the Aircraft terminating prior to Delivery; or
- (g) delays Lessor cannot control in obtaining the Aircraft or any equipment or services for the Aircraft.

DEFINITIONS - PART 2

If applicable, the following words and expressions shall have the respective meanings ascribed to those terms in the Aircraft Lease Agreement for the Aircraft:

AD Threshold

Agreed Value

Aircraft

Airframe Structural Check

Airframe Supplemental Rent

Annual Supplemental Rent Adjustment

Assumed Ratio

Assumed Utilisation

Damage Notification Threshold

Deductible Amount

Delivery Condition Requirements

Delivery Location

Deposit

Engine Cycles Restriction

Engine Flight Hours Restriction

Engine LLP Supplemental Rent

Engine Refurbishment

Engine Supplemental Rent

Extended Expiry Date

First Extended Expiry Date

FSC Benefits

FSC Equipment Change Amount

FSC Indemnity Maximum Amount

Interest Rate

Landing Gear Supplemental Rent

LC Amount

Lessor/Owner Tax Jurisdiction

Manufacturer

Minimum Airframe Life Limited Component Flight Hours

Minimum Airframe Life Limited Component Cycles

Minimum Component Calendar Life

Minimum Engine Cycles

Minimum Engine Flight Hours

Minimum Hard Time Component Flight Hours

Minimum Hard Time Component Cycles

Minimum Landing Gear Calendar Time

Minimum Landing Gear Cycles

Minimum Landing Gear Flight Hours

Minimum Liability Coverage

Original Scheduled Expiry Date

Owner

Redelivery Location

Relevant Denominator

Residual Period Amount

Scheduled Delivery Month

Second Extended Expiry Date

SCHEDULE 2

REPRESENTATIONS AND WARRANTIES

1.1 Lessee's Representations and Warranties

Lessee's representations and warranties to Lessor are as follows:

- (a) **Status:** It has been properly formed as a company with limited liability and has since been maintained according to all Regulations applicable to Lessee.
- (b) **Non-Conflict:** In entering into the Agreement and carrying out its obligations, it does not contravene or breach any Regulation applicable to Lessee.
- (c) **Power and Authority:** It has the authorisations it needs to enter into the Agreement and to carry out its obligations, and it has the power to enter into the Relevant Documents.
- (d) **Legal Validity:** Its obligations under the Agreement are legal, valid and binding.
- (e) **No Event of Default:** No Event of Default has occurred and is continuing or would occur because of Delivery.
- (f) **Litigation:** It is not involved in any litigation or other dispute which could affect its financial condition or its ability to carry out its obligations in any material way.
- (g) **Accounts:** Its audited accounts most recently delivered to Lessor:
 - (i) have been prepared according to LEASEly accepted accounting principles in the State of Co. ; and
 - (ii) fairly represent the financial condition of Lessee as at the date to which they were drawn up and since that date there has been no material change in Lessee's ability to carry out its obligations or its financial condition.
- (h) **Full Disclosure:** Neither its audited accounts referred to in paragraph (g) nor any other document provided to Lessor by Lessee for the purposes of the Agreement contains any untrue statement or leaves out any important fact which could make any of them misleading.
- (i) **No Immunity:**

- (aa) Lessee is subject to civil and commercial Law with respect to its obligations under the Agreement; and
- (bb) Neither Lessee nor any of its assets is entitled to any right of immunity, and the entry into and performance of the Agreement by Lessee constitute private and commercial acts.

1.2. **Lessor's Representations and Warranties**

Lessor's representations and warranties to Lessee are as follows:

- (a) **Status:** It has been properly formed as a company with limited liability and has since been maintained according to all Regulations applicable to Lessor.
- (b) **Non-Conflict:** In entering into the Agreement and carrying out its obligations, it does not contravene or breach any Regulation applicable to Lessor.
- (c) **Power and Authority:** It has the authorisations it needs to enter into the Agreement and to carry out its obligations, and it has the power to enter into the Relevant Documents.
- (d) **Legal Validity:** Its obligations under the Agreement are legal, valid and binding.
- (e) **Litigation:** It is not involved in any litigation or other dispute which could affect its ability to carry out its obligations under the Agreement in any material way.
- (f) **Ownership:** Owner will at Delivery be the owner of the Aircraft and Lessor will at Delivery possess such interest in the Aircraft as will entitle it to lease the Aircraft to Lessee in accordance with the Agreement and Owner and Lessor will have obtained all such approvals and consents in their respective jurisdictions of incorporation as are necessary in order to enable them to lease the Aircraft to Lessee under the Agreement.

SCHEDULE 3

CONDITIONS PRECEDENT

The conditions precedent to Lessor's obligation to deliver and to commence the leasing of the Aircraft are as follows. All documents delivered to Lessor pursuant to this Schedule 3 will be in English, or if not in English, will be accompanied by a certified English translation:

1.1 Preliminary Conditions

Lessor will receive from Lessee, not later than two Business Days prior to the Scheduled Delivery Date, each of the following, satisfactory in form and substance to Lessor:

- (a) **Opinion:** evidence that an opinion in the form of Schedule 8 will be issued on the Delivery Date by independent legal counsel acceptable to Lessor in the State of Registry, the Habitual Base and the State of Incorporation;
- (b) **Approvals:** evidence of the issue of each approval, license and consent which may be required in relation to, or in connection with the performance by Lessee of any of its obligations under the Agreement (including without limitation the remittance by Lessee to Lessor in Dollars of all amount payable under the Agreement);
- (c) **Import:** evidence that any required import license, and all customs formalities, relating to the import of the Aircraft into the Habitual Base have been obtained or complied with, and that the import of the Aircraft into the Habitual Base is exempt from Taxes;
- (d) **Process Agent:** a letter from the process agent appointed by Lessee in the Agreement accepting that appointment;
- (e) **Letter of Credit (if applicable):** the form of the Letter of Credit; and
- (f) **LEASE:** such other documents as Lessor may reasonably request.

1.2 Final Conditions

- (a) **Final Documents:** Lessor shall receive on or before the Delivery Date each of the following:
 - (i) **Certificate of Acceptance:** the Certificate of Acceptance, dated and fully completed, and executed by Lessor and Lessee;

- (ii) **Opinions:** a signed original of each of the opinions referred to in Clause 1(a) of this Schedule, dated the Delivery Date;
 - (iii) **Payments:** all sums due to Lessor under the Agreement on or before the Delivery Date including, without limitation, the first payment of Rent;
 - (iv) **Insurances:** certificates of insurance, an opinion and undertaking from Lessee's insurance broker and other evidence satisfactory to Lessor that Lessee is taking the required steps to ensure due compliance with the provisions of the Agreement as to Insurances with effect on and after the Delivery Date;
 - (v) **Accounts:** the latest available Financial Information of Lessee requested by Lessor;
 - (vi) **Letter of Credit (if applicable):** the Letter of Credit;
 - (vii) **Lessee's Maintenance Programme:** such information and documents relating to the proposed Lessee's Maintenance Programme as Lessor may require, and Lessor having acknowledged in writing the Lessee's Maintenance Programme;
 - (viii) **Filings:** evidence that on the Delivery Date all filings, registrations, recordings and other actions have been or will be taken which are necessary or advisable to ensure the validity, effectiveness and enforceability of the Agreement and to protect the property rights of Owner in the Aircraft, any Engine or any Part; and
 - (ix) **LEASE:** such other documents as Lessor may reasonably request;
- (b) **Representations/Warranties:** the representations and warranties of Lessee in Schedule 2 shall be correct, and would be correct if repeated on Delivery; and
- (c) **No Default:** no Event of Default shall have occurred and be continuing on Delivery or might result from the leasing of the Aircraft to Lessee under the Agreement.

SCHEDULE 4

PRE-DELIVERY PROCEDURES AND DELIVERY CONDITION

REQUIREMENTS - PART 1 (NEW AIRCRAFT)

1. Licenses

- (a) It is the responsibility of Lessor at its own cost and expense to obtain all licenses, permits or approvals necessary to export the Aircraft from the Delivery Location.

2. Inspection

- (a) Subject to any applicable purchase agreement, Lessee may inspect the Aircraft at the Delivery Location (including such rights as Lessor has to be present and inspect, on an ongoing basis, the manufacture of the Aircraft) (including a demonstration flight with such number of Lessee representatives on the Aircraft as the manufacturer permits) to ensure that the Aircraft fulfils the Delivery Condition Requirements as set out in Clause 4 of the Aircraft Lease Agreement.
- (b) If Lessee's inspection of the Aircraft shows that the Aircraft does not fulfil the Delivery Condition Requirements, Lessor will exercise any rights it may have against the manufacturer of the Aircraft to procure the manufacturer corrects any defects and thereafter will make the Aircraft available for re-inspection by Lessee.
- (c) If Lessor notifies Lessee that it does not intend to correct the defect, either party may terminate the Agreement. Defects not corrected by the Manufacturer may be corrected by Lessee after Delivery has occurred, subject to the prior mutual agreement between Lessor and Lessee.

3. Indemnity

Lessee is responsible for and will indemnify each Indemnatee against all Losses arising from death or injury to any observer or any employee of Lessee in connection with the inspection of the Aircraft save where such Losses occur as a result of the gross negligence or wilful default of such Indemnatee.

PRE-DELIVERY PROCEDURES AND DELIVERY CONDITION REQUIREMENTS - PART 2 (USED AIRCRAFT)

1. Licenses

- (a) It is the responsibility of Lessee to obtain all licenses, permits or approvals necessary to export or transport the Aircraft from the Delivery Location.
- (b) Lessor will provide Lessee with any required data and information for the purposes of obtaining any such licenses, permits or approvals.

2. Inspection

- (a) Subject to any applicable lease agreement or purchase agreement, Lessee may inspect the Aircraft (including a demonstration flight with up to two (2) representatives of Lessee on the Aircraft as observers) to ensure that the Aircraft fulfils the Delivery Condition Requirements.
- (b) If Lessee's inspection of the Aircraft shows that the Aircraft does not fulfil the Delivery Condition Requirements, Lessor will correct any defects and make the Aircraft available for re-inspection by Lessee provided that, in Lessor's reasonable opinion, it is not impracticable or prohibitively expensive to correct the defect.
- (c) If Lessor notifies Lessee that it does not intend to correct the defect, either party may terminate the Agreement.

3. Indemnity

Lessee is responsible for and will indemnify each Indemnatee against all Losses arising from death or injury to any observer or any employee of Lessee in connection with the inspection of the Aircraft save where such Losses occur as a result of the gross negligence or wilful default of such Indemnatee.

SCHEDULE 5

CERTIFICATE OF ACCEPTANCE - PART 1 (NEW AIRCRAFT)

This Certificate of Acceptance is delivered, on the date set out below by _____ (“Lessee”), to _____ (“Lessor”), pursuant to the Aircraft Lease Agreement dated _____ between Lessor and Lessee (the “Agreement”). The ised terms used in this Certificate shall have the meaning given to such terms in the Agreement.

DETAILS OF ACCEPTANCE

Lessee hereby confirms to Lessor that Lessee has at [] o'clock on this _____ day of _____, at _____, technically accepted the following, in accordance with the provisions of the Agreement:

_____ Aircraft, Manufacturer’s Serial Number _____;

_____ Engines:

| | |
|---------------|------------------------------|
| Engine Number | Manufacturer’s Serial Number |
|---------------|------------------------------|

1 _____ ; and

2 _____ ;

Fuel Status: Kilos/lbs _____ ; and

Loose Equipment Check List: in accordance with the list signed by Lessor and Lessee and attached hereto.

Aircraft Documents and Records: in accordance with the list signed by Lessor and Lessee and attached hereto.

LOPA drawing attached.

HOURS AND CYCLES DATA (as of Delivery Date)

Airframe:

| | |
|-----------------------|-------------------------|
| Time Since New :----- | Cycles Since New :----- |
|-----------------------|-------------------------|

Landing Gear (Main and Nose)

| | |
|-----------------------|-------------------------|
| Time Since New :----- | Cycles Since New :----- |
|-----------------------|-------------------------|

Engines

| | |
|--------------------------|-----------------------|
| Position Left Hand s/no. | Time Since New: ----- |
|--------------------------|-----------------------|

Cycles Since New: -----

Position Right Hand s/no. Time Since New: -----

Cycles Since New: -----

Auxiliary Power Unit :

Number of Flight Hours/APU Hours

(as applicable) since New : -----

ACCEPTANCE:

Lessee hereby confirms that the Aircraft, Engines, Parts and Aircraft Documents are technically acceptable to it, and are in the condition for delivery and acceptance as required under the Agreement.

IN WITNESS WHEREOF, Lessee and Lessor have, by their duly authorised representative, executed this Certificate of Acceptance on the date in paragraph 1 above.

LESSEE: _____

By: _____

Title: _____

LESSOR: _____

By: _____

Title: _____

CERTIFICATE OF ACCEPTANCE - PART (USED AIRCRAFT)

This Certificate of Acceptance is delivered, on the date set out below by _____ (“Lessee”), to _____ (“Lessor”), pursuant to the Aircraft Lease Agreement dated _____ between Lessor and Lessee (the “Agreement”). The used terms used in this Certificate shall have the meaning given to such terms in the Agreement.

DETAILS OF ACCEPTANCE

Lessee hereby confirms to Lessor that Lessee has at [] o'clock on this _____ day of _____, at _____, technically accepted the following, in accordance with the provisions of the Agreement:

_____ Aircraft, Manufacturer’s Serial Number _____;

_____ Engines:

| | |
|---------------|------------------------------|
| Engine Number | Manufacturer’s Serial Number |
|---------------|------------------------------|

1 _____ ; and

2 _____ ;

Fuel Status: Kilos/lbs _____ ; and

Loose Equipment Check List: in accordance with the list signed by Lessor and Lessee and attached hereto.

Aircraft Documents and Records: in accordance with the list signed by Lessor and Lessee and attached hereto.

HOURS AND CYCLES DATA (as of Delivery Date)

Airframe:

Number of Hours since last Airframe Structural Check: _____ hours

“C” Check (or Equivalent)

Interval: _____

Time Since: _____

Landing Gear Overhaul:

Number of Cycles Since Last Overhaul:

Left Gear _____ cycles

Right Gear _____ cycles

Nose Gear _____ cycles

Centre Gear _____ cycles

Interval: Left Gear _____

Right Gear _____

Nose Gear _____

Centre Gear _____

Engines:

Number of Hours Since Last Engine Refurbishment:

S/N _____ : _____ hours

S/N _____ : _____ hours

Hot Section Inspection:

Interval: _____

Time Since (S/N _____) : _____

Time Since (S/N _____) : _____

Time Remaining to First Restriction:

Engine S/N:

Hours: _____ Restriction: _____

Cycles: _____ Restriction: _____

Engine S/N:

Hours: _____ Restriction: _____

Cycles: _____ Restriction: _____

Average Cycles in Life Limited Parts (see attached Schedule):

Auxiliary Power Unit:

Number of APU Hours since Last Heavy Shop Visit:

_____ hours Date accomplished _____

Hot Section Inspection:

Interval: _____

Time Since: _____

Interior Equipment:

LOPA – attached _____

Emergency drawing – attached _____

Galley Equipment _____

ACCEPTANCE:

Lessee hereby confirms that the Aircraft, Engines, Parts and Aircraft Documents and Records are technically acceptable to it, satisfy all of the Delivery Condition Requirements] and are in the condition for delivery and acceptance as required under the Agreement.

IN WITNESS WHEREOF, Lessee and Lessor have, by their duly authorised representative, executed this Certificate of Acceptance on the date in paragraph 1 above.

LESSEE:

By: _____

Title: _____

LESSOR:

By: _____

Title: _____

SCHEDULE 6

PROCEDURES AND OPERATING CONDITION AT REDELIVERY

On the Return Occasion the Aircraft, subject to fair ordinary wear and tear of a kind and to an extent consistent with similar aircraft engaged in commercial airline operations, will be redelivered to Lessor by Lessee in accordance with the procedures and in any event in the condition set out below.

1.1 Final Inspection

On a date agreed by Lessor and Lessee and immediately prior to the Return Occasion, Lessee will make the Aircraft available to Lessor for inspection ("Final Inspection") in order to verify that the condition of the Aircraft complies with the Agreement. The Final Inspection will include, and be long enough to permit Lessor to:

- (a) inspect the Aircraft Documents and Records;
- (b) inspect the Aircraft and uninstalled Parts;
- (c) inspect the Engines, including without limitation (i) a complete video borescope inspection of (A) the low pressure and high pressure compressors and (B) turbine area and (ii) engine condition runs; and
- (d) observe a two hour demonstration flight at Lessee's cost (with Lessor's representatives as on-board observers).

Furthermore, Lessee acknowledges that the next operator of the Aircraft will need to inspect the Aircraft, the Engines and the Aircraft Documents prior to redelivery and Lessee hereby agrees to cooperate with Lessor and/or such next operator (in the case of the next operator, as may be reasonably requested) in order to coordinate and grant access for inspections and/or meetings as necessary.

Lessor is responsible for and will indemnify Lessee against all Losses arising from the death or injury to any observer or any employee of Lessor in connection with the inspection of the Aircraft under this Clause 1.1.

1.2 LEASE Condition

The Aircraft will:

- (a) be in good operating condition and be clean by scheduled passenger airline standards, and all structural damage shall have been repaired to a permanent standard;

- (b) have installed the full complement of equipment, parts, accessories, furnishings and loose equipment as when originally delivered to Lessee and as normally installed in the Aircraft for continued regular service and the Aircraft (including the Aircraft Documents) shall be in a condition suitable for immediate operations under FAR Part 121, without waiver or restriction; and if any of the engines tendered for redelivery with the Aircraft is not one of the Engines referred to in the Acceptance Certificate or a Replacement Engine installed pursuant to Clause 8.11 (a) following an Event of Loss in respect of an Engine, Lessor shall have no obligation to accept such engine unless Lessee furnishes to Lessor all the documents and evidence in respect of such engine in accordance with Clause 8.11 (b), as if such engine were a Replacement Engine;
- (c) have in existence a valid certificate of airworthiness (or if required by Lessor, a valid export certificate of airworthiness) with respect to the Aircraft issued by the Air Authority;
- (d) comply with the manufacturer's original specifications as at the Delivery Date;
- (e) have undergone, immediately prior to redelivery, the next relevant "C" Check (or higher Check if applicable) in block format so that all Airframe inspections falling due within the "C" Check interval in order to integrate the Aircraft from Lessee's Maintenance Programme to the Manufacturer's Maintenance Planning Document block programme;
- (f) have had accomplished all outstanding Airworthiness Directives affecting that model of Aircraft issued by the FAA which, if the Aircraft were registered with the FAA, would have to be complied with during the Term or within 180 days after the Expiry Date; for this purpose, compliance shall be by terminating action if:
 - (i) Lessee has complied by terminating action for other aircraft of the same model and series then operated by Lessee; or
 - (ii) the latest date permitted by such Airworthiness Directive for compliance by terminating action falls within 180 days after the Expiry Date;
- (g) have installed all applicable vendor's and manufacturer's service bulletin kits received free of charge by Lessee that are appropriate for the Aircraft and to the extent not installed, those kits will be furnished free of charge to Lessor;
- (h) be in such external livery (freshly painted) as specified in Clause 5.1 of the Aircraft Lease Agreement;

- (i) have all signs and decals clean, secure and legible;
- (j) meet the requirements of FAR Part 36, Appendix C, Stage 3 noise compliance as in effect at the Delivery Date, without waiver or restriction;
- (k) have no open, deferred, continued, carry over or placarded log book items, unless otherwise agreed; and
- (l) all repairs shall be permanent repairs unless Lessee is at the Return Occasion waiting for relevant kits to be provided by any applicable manufacture or fatigue analysis data or heavy maintenance checks (IL/D Check) to be provided, and provided further that such kits as aforementioned were ordered by Lessee within 14 days of the related bulletin issue date from the appropriate manufacturer.

1.3 Components

- (a) Each Flight Hour and Cycle controlled Hard Time Component (other than the APU) shall have not less than 100% of remaining life or the Minimum Hard Time Component Flight Hours and the Minimum Hard Time Component Cycles of life remaining to the next scheduled removal, in accordance with the Lessee's Maintenance Programme and shall be supported by appropriate certification documentation indicating TSN, CSN, TSO and CSO such as JAR form 1 or FAA form 8130-1; for this purpose "Hard Time Component" means any component which has a limited on-wing life in accordance with the Lessee's Maintenance Programme and which can have life fully restored through appropriate maintenance;
- (b) Each calendar-limited component including safety equipment will have not less than 100% of remaining life its Minimum Component Calendar Life remaining to the next scheduled removal in accordance with the Lessee's Maintenance Programme;
- (c) Each "on-condition" and "condition-monitored" component will be serviceable;
- (d) The installed components as a group will have an average of total flight time since new of not more than that of the Airframe;
- (e) Each Airframe Life-Limited Component will have not less than the Minimum Airframe Life Limited Component Flights Hours and the Minimum Airframe Life Limited Component Cycles remaining to next scheduled removal and will be supported by certification documentation necessary to demonstrate back-to-birth traceability; for this purpose "Airframe-Life Limited Component" means a

component with an ultimate life which cannot be restored through appropriate maintenance.

1.4 Engines

Each Engine will be installed on the Aircraft and comply with the following:

- (a) Each Engine will have not less than Minimum Engine Flight Hours expected life remaining to the next scheduled removal and the life limited Parts shall have not less than the Minimum Engine Cycles release life remaining. The expected life remaining will be determined by the inspection and checks accomplished by Lessor and Lessee, and results to be agreed in accordance with the Agreement;
- (b) Each Engine shall have just completed at the location for Lessor's acceptance on the Return Occasion a hot (including combustion chamber) and cold section video borescope inspection, which inspection shall be performed at Lessor's expense, and a power assurance run performed at Lessee's expense in accordance with the Lessee's Maintenance Programme or Manufacturer's maintenance manual and any defects discovered in such inspections which exceed the Engine manufacturer's in-service limits shall be corrected at Lessee's expense. Lessee shall cause such borescope inspections to be performed and to be recorded on videotape by an agency selected by Lessor and shall provide Lessor with a copy of such videotape on the Return Occasion. No Engine shall be on "watch" for any reason requiring any special or out of sequence inspection. Each such Engine shall comply with the operations specification of Lessee without waiver or exceptions. All items beyond the Engine manufacturer's in-service limits shall be repaired;
- (c) Each Engine will have no defect which places less than the Engine Flight Hours Restriction and the Engine Cycles Restriction of remaining life pursuant to Manufacturer's or airworthiness requirements until removal.

1.5 Fuselage, Windows and Doors

- (a) The fuselage will be free of major dents and abrasions, loose or pulled or missing rivets and all structural repairs shall be permanent repairs;
- (b) Windows will be free of delamination, blemishes, crazing and will be properly sealed; and

- (c) Doors will be free moving, correctly rigged and be fitted with serviceable seals.

1.6 Wings and Empennage

- (a) Leading edges will be free from damage; and
- (b) Unpainted surfaces (if any) will be polished.

1.7 Interior and Cockpit

Carpets and seat covers will be in good condition, clean and free of stains and meet FAR fire resistance regulations.

1.8 Landing Gear; Wheels and Brakes

- (a) The Landing Gear and wheel wells will be clean, free of leaks and repaired as necessary;
- (b) Each installed Landing Gear shall have no more Cycles accumulated than the Airframe and in any event not less than the Minimum Landing Gear Flight Hours and the Minimum Landing Gear Cycles and the Minimum Landing Gear Calendar Time to the next scheduled removal in accordance with the Lessee's Maintenance Programme; and
- (c) The wheels and brakes will have not less than half of their useful life remaining.

1.9 Return of Auxiliary Power Unit (APU)

The APU shall have just completed a borescope inspection and shall meet all air outputs and temperature limitations under load in accordance with the Lessee's Maintenance Programme and the Manufacturer's maintenance manual, and any defects discovered in such inspection, which exceed the APU manufacturer's in-service limits, shall be corrected at Lessee's expense.

1.10 Corrosion

- (a) The Aircraft shall be in compliance with the Manufacturer's corrosion prevention and control programme (CPCP) requirements. All CPCP inspections which would normally be accomplished while access is provided during structural inspection in accordance with the Lessee's Maintenance Programme during the Term shall have been accomplished;

- (b) The entire fuselage will be substantially free from corrosion and will be adequately treated and a corrosion prevention programme approved by Lessor will be in operation; and
- (c) Fuel tanks will be free from contamination and corrosion.

1.11 Fuel

At redelivery, Lessor will pay to Lessee or Lessee will pay to Lessor (as the case may require) a cash adjustment in respect of the difference in fuel on board at Delivery versus redelivery, at the then prevailing cost of fuel at the Redelivery Location.

1.12 Maintenance Programme

- (a) Prior to the Return Occasion and upon Lessor's request, Lessee will provide Lessor or its agent reasonable access to the Lessee's Maintenance Programme and the Aircraft Documents in order to facilitate the Aircraft's integration into any subsequent operator's fleet;
- (b) Lessee will, if requested by Lessor to do so, upon return of the Aircraft deliver to Lessor a certified true current and complete copy of the Lessee's Maintenance Programme. Lessor agrees that it will not disclose the contents of the Lessee's Maintenance Programme to any person or entity except to the extent necessary to monitor Lessee's compliance with the Agreement and/or to bridge the maintenance programme for the Aircraft from the Lessee's Maintenance Programme to another programme after the Return Occasion.

1.13 Aircraft Documents

At redelivery Lessee will return the following Aircraft Documents and Records to Lessor:

A. Certificates

- A001 Certificate of Airworthiness
- A002 Current Aircraft Registration
- A003 C of A for Export (if applicable)
- A004 Noise Limitation Certificate (AFM page)
- A005 Radio Station License
- A007 Aircraft deregistration confirmation

A008 Burn Certificates – Cabin Interiors – as follows:

Certification of compliance with the fire blocking requirements as outlined in JAR Part 25 including:

- Seat cushions*
- Back rest cushions*
- Dress covers*
- Carpets
- Curtains
- Interior Surfaces (if refurbished)
- Including “in combination” burn certification

B. Aircraft Maintenance Status Summaries

- B001 Certified current Time in Service (Hours & Cycles) and maintenance status
- B002 Certified status of Airworthiness Directives including method of compliance
- B003 Certified status of Service Bulletin Status
- B004 Certified status of SSI
- B005 Certified status of CPCP (if applicable)
- B006 Certified inventory of Hard Time Components (Fitted listing)
- B007 Certified inventory of OC/CM Components (Fitted listing)
- B008 Certified status of all non-SB and Major Modifications/STC's including acceptable State of Manufacture Certification
- B009 Certified status of Check/Inspection History & Current Status of Checks
- B010 List of Deferred Maintenance Items
- B011 List of Out of Phase Checks, Special Requirements, Time Limited Repairs (if any).
- B012 Aircraft Accident & Incident Report.
- B013 Structural repairs and damage (including Dent & Buckle Chart).

C. Aircraft Maintenance Records

- C001 Technical Logs (Minimum of 2 years)
- C002 A Checks
 - Last complete cycle of A Checks (or equivalent)
- C003 C Checks
 - Last Complete cycle of C Checks (or equivalent)
- C004 All Major Checks
- C005 CPCP Tasks (if applicable)
- C006 Periodic Tasks
- C007 Dirty Finger Print Certification – AD’s
- C008 Dirty Finger Print Certification – SB’s
- C009 Dirty Finger Print Certification – All other modification
- C010 Last Weight Report including Schedule
- C011 Compass Swing Report
- C012 Last Test Flight Report
- C013 Certified ETOPS compliance report (if applicable)
- C014 Dirty Finger Print certification - All Structural repairs/structural damage
- C015 Details of State of Manufacture certification basis – A non-SRM Structural repairs
- C016 Aircraft Log Book(s) if applicable

D. Configuration Status

- D001 Approved and certified LOPA
- D002 Galley Drawings/Component OHM
- D003 Emergency Equipment Drawing/Listing
- D004 Loose Equipment Inventory
- D005 Inventory Listing of Avonic installed Units.

E. Aircraft Historical Records

- E001 C of A (Export) from State of Manufacture
- E002 Manufacturer's AD Report
- E003 Manufacturer's Inspection Report, Initial Equipment list
- E004 Manufacturer's repair/alteration report
- E005 Manufacturer's SB Report
- E006 Service Difficulty Reports (if any)
- E007 Aircraft Historical Log
- E008 Last Flight Data Recorder Read-Out & Corrections
- E009 Weighing report (as provided by manufacturer, if any)

F. Engine Records

- F001 Certified Statement of Status of Each Engine
- F002 AD Compliance Report and Compliance Documents
- F003 Manufacturer's Modifications & SB Status
- F004 In-house Modifications (if applicable)
- F005 Certified LLP Listing
- F006 Certified listing of installed units
- F007 Manufacturer Delivery Document
- F008 Complete copies of all historical engine/module Shop Visit Reports
- F009 State of Manufacture LLP Traceability
- F010 Conditioning Monitoring Report
- F011 Engine Log Book/Master Records of Installation/Removals
- F012 Last Borescope Report, including video if available
- F013 Test Cell Run Report (as provided by manufacturer, if any)
- F014 Last On-Wing Ground Run
- F015 Certified Statement that Engines are not involved in an Accident

- F016 Approved Release to Service Certification for installed rotables
- F017 Approved ETOPS compliance report (if applicable)

G. APU

- G001 Certified Statement on Status of APU (if applicable)
- G002 Certified SB Compliance Report/AD Status Report
- G003 Approved Release to Service Certification for installed units
- G004 APU Log Book/Master Record of Installation/Removals
- G005 Complete copies of all APU Shop Visit Reports & Reason for Removal
- G006 Statement of APU Hours to Aircraft Flying Hours as per Lessee's estimation formula (as provided by manufacturer, if any)
- G007 LLP Status and Full Traceability to birth
- G008 APU Borescope Report
- G009 Last On-Wing/Health Check Data sheets (if applicable)
- G010 Last Test Cell Run (as provided by manufacturer, if any)
- G011 Approved ETOPS compliance report (as provided by manufacturer, if any)

H. Component Records

- H001 Approved Release to Service Certification for Hard Time Components
- H002 Approved Release to Service Certification for OC/CM Components

I. Landing Gears

- I001 Approved Release to Service Certification for major assemblies on each Gear
- I002 Approved LLP Listings for each Gear (with FULL Traceability to Birth)
- I003 Last Shop Visit Report (OH)

J. Manuals

All Manufacturer's Manuals delivered with the Aircraft under the Agreement updated to the latest revision standard (applicable as at the Return Occasion) as may be reasonably requested by Lessor

Microfilm:

- J006 WDM
- J007 IPC
- J008 Maintenance Manual
- J009 Schematics
- J010 Hook Up Listing (if any)

K. Miscellaneous

- K006 Maintenance Program Specifications (Operator's) (as provided by manufacturer, if any)
- K007 Reference Material for Interpretation of Status Summaries, or cross-reference for Part Numbers

SCHEDULE 7

INSURANCE REQUIREMENTS

1.1 Types of Insurance

The Insurances required to be maintained are as follows:

- (a) **Hull All Risks** of loss or damage whilst flying and on the ground with respect to the Aircraft on an agreed value basis for the Agreed Value and with a deductible not exceeding the Deductible Amount, or such other amount agreed by Lessor from time to time;
- (b) **Hull War and Allied Perils**, being such risks excluded from the Hull All Risks Policy to the fullest extent available from the leading international insurance markets, including confiscation and requisition by the State of Registry for the Agreed Value;
- (c) **All Risks (including War and Allied Risk** except when on the ground or in transit other than by air) property insurance on all Engines and Parts when not installed on the Aircraft on an “agreed value” basis for their full replacement value and including engine test and running risks;
- (d) **Aircraft Third Party, Property Damage, Passenger, Baggage, Cargo and Mail and Airline LEASE Third Party (including Products) Legal Liability** for a combined single limit (bodily injury/property damage) of an amount not less than the Minimum Liability Coverage for the time being for any one occurrence (but in respect of products and personal injury liability, this limit may be an aggregate limit for any and all losses occurring during the currency of the policy). War and Allied Risks are also to be covered under the policy to the fullest extent available from the leading international insurance markets.

1.2 Terms of Hull and Spares Insurance

All required hull and spares insurance, so far as it relates to the Aircraft, will:

- (a) **Additional Insureds:** name Lessor and Owner and their respective successors and assigns as additional insureds for their respective rights and interests;
- (b) **Settlement of Losses:** provide that any loss will be settled jointly with Lessor and Lessee, and will be payable in Dollars to Lessor, for the account of all interests, except where the insurance payment does not exceed the Damage Notification Threshold, and Lessor has

not notified the insurers to the contrary, in which case the loss will be settled with and paid to Lessee;

- (c) **50/50 Provision:** if separate Hull “all risks” and “war risks” insurances are arranged, include a 50/50 provision in accordance with market practice (AVS. 103 is the current London market language).

1.3 Terms of Liability Insurance

All required liability insurances will:

- (a) **Additional Insureds:** include each Indemnatee, as additional insureds for its respective rights and interests, warranted, each as to itself only, no operational interest;
- (b) **Severability:** include a severability of interests clause which provides that the insurance, except for the limit of liability, will operate to give each insured the same protection as if there was a separate policy issued to each insured;
- (c) **Primary Policy:** contain a provision confirming that the policy is primary without right of contribution and the liability of the insurers will not be affected by any other insurance of which Lessor, each Indemnatee or Lessee have the benefit so as to reduce the amount payable to the additional insureds under such policies.

1.4 Terms of All Insurances

All Insurances will:

- (a) **Best Industry Practice:** be in accordance with best industry practice of persons operating similar aircraft in similar circumstances;
- (b) **Dollars:** provide cover denominated in Dollars and any other currencies which Lessor may reasonably require in relation to liability insurance;
- (c) **Worldwide:** operate on a worldwide basis subject to such limitations and exclusions as Lessor may agree;
- (d) **Breach of Warranty:** provide that coverage to each additional insured shall not be invalidated by any act or omission (including misrepresentation and non-disclosure) of any other person or party which results in a breach of any term, condition or warranty of the Policy provided that the additional insured so protected has not caused, contributed to or knowingly condoned the said act or omission;

- (e) **Subrogation:** provide that the insurers will hold harmless and waive any rights of recourse or subrogation against the additional insureds. Upon indemnification of an additional insured under Insurances, the insurers may, with the consent of such additional insured (such consent not to be unreasonably withheld) exercise subrogation rights;
- (f) **Premiums:** provide that the additional insureds will have no obligation or responsibility for the payment of any premiums due (but reserve the right to pay the same should any of them elect so to do) and that the insurers will not exercise any right of set-off or counter-claim in respect of any premium due against the respective interests of the additional insureds other than outstanding premiums relating to the Aircraft, any Engine or Part the subject of the relevant claim;
- (g) **Cancellation/Change:** provide that the Insurances will continue unaltered for the benefit of the additional insureds for at least 30 days after written notice by registered mail or telex of any cancellation, change, event of non-payment of premium or instalment thereof has been sent by insurer(s) to Lessor, or where an insurance broker is appointed to the insurance broker who shall promptly send on such notice to Lessor, except in the case of war risks for which 7 days (or such lesser period as is or may be customarily available in respect of war risks or allied perils) will be given, or in the case of war between the 5 great powers or nuclear peril for which termination is automatic;
- (h) **Reinsurance:** if reinsurance is required by Lessor under the Agreement such reinsurance will:
 - (i) be on the same terms as the original insurances and will include the provisions of this Schedule;
 - (ii) provide that notwithstanding any bankruptcy, insolvency, liquidation, dissolution or similar proceedings of or affecting the reinsured that the reinsurers' liability will be to make such payments as would have fallen due under the relevant policy of reinsurance if the reinsured had (immediately before such bankruptcy, insolvency, liquidation, dissolution or similar proceedings) discharged its obligations in full under the original insurance policies in respect of which the then relevant policy of reinsurance has been effected; and
 - (iii) contain a "cut-through" clause in the following form (or otherwise satisfactory to Lessor):

“The Reinsurers and the Reinsured hereby mutually agree that in the event of any claim arising under the reinsurances in respect of a total loss or other claim where as provided by the Agreement dated [] 199 and made between [Lessor] and [Lessee] such claim is to be paid to the person named as sole loss payee under the primary insurances, the Reinsurers will in lieu of payment to the Reinsured, its successors in interest and assigns pay to the person named as sole loss payee under the primary insurances effected by the Reinsured that portion of any loss due for which the Reinsurers would otherwise be liable to pay the Reinsured (subject to proof of loss), it being understood and agreed that any such payment by the Reinsurers will (to the extent of such payment) fully discharge and release the Reinsurers from any and all further liability in connection therewith”; subject to such provisions not contravening any Law of the State of Incorporation; and

- (i) **Initiating Claims:** contain a provision entitling any Indemnatee to initiate a claim under any policy in the event of the refusal or failure of Lessee to do so.

1.5 Deductibles

Lessee shall be responsible for any and all deductibles under the Insurances.

1.6 Application of Insurance Proceeds

The Insurances will be endorsed to provide for payment of proceeds as follows:

- (a) **Event of Loss:** all insurance payments received as the result of an Event of Loss occurring during the Term will be paid to Lessor, and Lessor will pay the balance of those amounts to Lessee after deduction of all amounts which may be or become payable by Lessee to Lessor under the Agreement and the Other Agreements (including under Clause 11.1(b));
- (b) **Exceeding Damage Notification Threshold:** all insurance proceeds of any property, damage or loss to the Aircraft, any Engine or any Part occurring during the Term not constituting an Event of Loss and in excess of the Damage Notification Threshold will be paid to Lessor and applied in payment (or to reimburse Lessee) for repairs or replacement property upon Lessor being satisfied that the repairs or replacement have been effected in accordance with the Agreement. Any balance remaining may be retained by Lessor;
- (c) **Below Damage Notification Threshold:** insurance proceeds in amounts below the Damage Notification Threshold may be paid by the insurer directly to Lessee;

- (d) **Liability Proceeds:** all insurance proceeds in respect of third party liability will, except to the extent paid by the insurers to the relevant third party, be paid to Lessor to be paid directly in satisfaction of the relevant liability or to Lessee in reimbursement of any payment so made; and
- (e) **Default:** notwithstanding the foregoing paragraphs, if at the time of the payment of any such insurance proceeds an Event of Default has occurred and is continuing, all such proceeds will be paid to or retained by Lessor to be applied toward payment of any amounts which may be or become payable by Lessee in such order as Lessor may elect.

To the extent that insurance proceeds are paid to Lessee, Lessee agrees to comply with the foregoing provisions and apply or pay over such proceeds as so required.

SCHEDULE 8

FORM OF LEGAL OPINION

[Lessor]

[LEASE INTL Corporation
c/o GE Aviation, Limited

.....
Ireland

Attn: LEASE Counsel]

[Date]

Dear Sirs,

- 1.1 You have asked us to render an opinion in connection with the transaction governed by or subject to, inter alia, the under-mentioned documents.
 - 1.2 the Agreement as defined in paragraph 1.3 below;
 - 1.3 the [Articles of Incorporation and By-laws]* of Lessee; and
- [*Counsel should amend this reference as necessary to describe the actual constitutional documents of Lessee].
- 1.4 all other documents, approvals and consents of whatever nature and wherever kept which it was, in our judgement and to our knowledge, necessary or appropriate to examine to enable us to give the opinion expressed below.

Words and expressions used and not otherwise defined herein will bear the same meanings as defined in an Aircraft Lease Agreement dated _____ 1999 between _____ ("Lessor") and _____ ("Lessee") in respect of one _____ aircraft with manufacturer's serial number _____ together with the two installed _____ engines (the "Aircraft"). As used herein the term "Agreement" means and includes the Aircraft Lease Agreement which incorporates the Common Terms Agreement (as defined therein).

2. Having considered the documents listed in paragraph 1 above, and having regard to the relevant laws of the State of Co. we are pleased to advise that in our opinion: -

- (a) Lessee is a company duly incorporated under the laws of the State of Co. is qualified to do business as a foreign corporation in each jurisdiction where failure to so qualify would have a materially adverse effect on Lessee's business or its ability to perform its obligations under the Agreement, and is subject to suit in its own name, and, to the best of our knowledge, no steps have been, or are being, taken to appoint a receiver, liquidator, trustee or similar officer over, or to wind up, Lessee;
- (b) Lessee has the corporate power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, execution, delivery and performance by it of, the Agreement and the transactions contemplated by the Agreement;
- (c) the entry into and performance by Lessee of, and the transactions contemplated by, the Agreement do not and will not:
 - (i) conflict with any laws binding on Lessee; or
 - (ii) conflict with the [Articles of Incorporation or By-laws] of Lessee; or
 - (iii) conflict with or result in default under any agreement or instrument which is binding upon Lessee or any of its assets or result in the creation of any Security Interest over any of its assets.
- (d) no authorisations, consents, licenses, approvals and registrations (other than those which have been obtained and of which copies are attached hereto) are necessary or desirable to be obtained from any governmental or other regulatory authorities in the State of Co. having jurisdiction over Lessee or its properties to enable Lessee:
 - (i) to enter into and perform the transactions contemplated by the Agreement;
 - (ii) to import the Aircraft into the State of Co. for the duration of the Term;
 - (iii) to operate the Aircraft in the State of Co. and on international flights for the transport of fare-paying passengers; or

- (iv) to make the payments provided for in the Agreement;
- (e) [except for the filing and recordation of the Agreement with _____ (which filing has been duly made on or before this date)] it is not necessary or desirable, to ensure the priority, validity and enforceability of all the obligations of Lessee under the Agreement that the Agreement be filed, registered, recorded or notarised in any public office or elsewhere or that any other instrument relating thereto be signed, delivered, filed, registered or recorded, that any tax or duty be paid or that any other action whatsoever be taken;
- (f) the interests of Lessor in the Aircraft are registered on the public register of aircraft of the Air Authority and no other steps are necessary or desirable to record or perfect Lessor's interest in the Aircraft in the State of Co.
- (g) on termination of the Agreement (whether on expiry or otherwise) as contemplated in the Agreement, Lessor would be entitled: -
 - (i) to repossess the Aircraft;
 - (ii) to deregister the Aircraft from the register of the Air Authority;
 - (iii) to export the Aircraft from the State of Co.without requiring any further consents, approvals or licenses from any governmental or regulatory authority in the State of Co.
- (h) the Agreement has been properly signed and delivered on behalf of Lessee and the obligations on the part of Lessee contained therein are valid and legally binding on and enforceable against Lessee under the laws of [*specify applicable local law*];
- (i) the events described in Schedule 9 paragraphs (g) of the Agreement comprise an accurate and complete statement of all events and situations provided for by the laws of [*specify applicable local law*] which may lead to the cessation of activities, winding up or dissolution of Lessee;
- (j) the obligations of Lessee under the Agreement rank at least *pari passu* with all other present and future unsecured and unsubordinated (including contingent obligations) of Lessee;

- (k) there is no withholding tax or other Tax to be deducted from any payment whatsoever which may be made by Lessee pursuant to the Agreement; with respect to any withholdings, the provisions of Clause 5.6 of the Agreement are fully effective; and the arrangements contemplated by the Agreement do not give rise to any charge whatsoever to Taxes in the State of Co.
- (l) there is no applicable usury or interest limitation law in the State of Co. which may restrict the recovery of payments in accordance with the Agreement;
- (m) there are no registration, stamp or other taxes or duties of any kind payable in the State of Co. in connection with the signature, performance or enforcement by legal proceedings of the Agreement;
- (n) Lessor will not violate any law or regulation in the State of Co. nor become liable to tax in the State of Co. by reason of entering into the Agreement with Lessee, or performing its obligations thereunder;
- (o) it is not necessary to establish a place of business in the State of Co. in order to enforce any provisions of the Agreement;
- (p) the choice of the Governing Law to govern the Agreement will be upheld as a valid choice of law in any action in the courts of the State of Co.
- (q) the consent to the jurisdiction by Lessee contained in the Agreement is valid and binding on Lessee and not subject to revocation;
- (r) any judgment for a definite sum given by the courts of England against Lessee would be recognised and accepted by the courts of the State of Co. without re-trial or examination of the merits of the case;
- (s) Lessee is subject to civil commercial law with respect to its obligations under the Agreement; and neither Lessee nor any of its assets is entitled to any right of immunity; and the entry into and performance of the Agreement by Lessee constitute private and commercial acts; and
- (t) there are no laws or other rules in the State of Co. (including, without limitation, emergency powers laws) pursuant to which Lessee may be deprived of the Aircraft by any Government Entity or any other person, other than Lessor or any assignee of Lessor.

Yours faithfully

SCHEDULE 9

EVENTS OF DEFAULT

Each of the following events or conditions constitutes an Event of Default:

- (a) **Non-payment:** Lessee fails to make any payment under the Agreement within 5 Business Days of the due date provided that the period shall be extended by a further 3 Business Days if Lessee can demonstrate that such failure to make any payment under the Agreement has arisen solely as a result of difficulties in transferring funds to Lessor outside, of the control of the Lessee;
- (b) **Insurance:** Lessee fails to comply with any provision of Clause 9 or Schedule 7, or any insurance required to be maintained under the Agreement is cancelled or terminated, or a notice of cancellation is given in respect of any such insurance and the same is not renewed or replaced prior to such cancellation taking effect so as to ensure continued compliance by Lessee with the insurance requirements of the Agreement;
- (c) **Breach:** Lessee fails to comply with any other provision of the Agreement and, if such failure is capable of remedy, the failure continues for 30 days after notice from Lessor to Lessee and such default or failure materially adversely affects the rights of Lessor under the Agreement;
- (d) **Representation:** any representation or warranty made (or deemed to be repeated) by Lessee in or pursuant to the Agreement or in any document or certificate or statement is or proves to have been incorrect in any material respect when made or deemed to be repeated and such incorrectness is materially adversely prejudicial to the rights and interests of Lessor;
- (e) **Cross-Default:** any event of default or termination event, howsoever described, occurs under any Other Agreement or any lease, hire, conditional sale or credit sale agreement (in each case relating to or in respect of commercial aircraft) of Lessee or any Lessee Affiliate;
- (f) **Approvals:** any consent, authorisation, license, certificate or approval of or registration with or declaration to any Government Entity in connection with the Agreement, including, without limitation:

- (i) any authorisation required by Lessee to obtain and transfer freely Dollars (or any other relevant currency) out of any relevant country;
- (ii) any authorisation required by Lessee to authorise, or in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of the Agreement or the performance by Lessee of its obligations under the Agreement;
- (iii) the registration of the Aircraft or the Aircraft's certificate of airworthiness; or
- (iv) any airline license or air transport license required by Lessee

is modified in a manner which materially and adversely affects the rights of Lessor under the Agreement or is withheld, or is revoked, suspended, cancelled, withdrawn, terminated or not renewed, or otherwise ceases to be in full force and effect so that, in consequence thereof, in the opinion of Lessor, acting reasonably such rights are materially adversely affected but excluding a suspension of the Aircraft's certificate of airworthiness while the Aircraft is undergoing maintenance, modification or repair required by the Agreement or during any period when the Air Authority shall have withdrawn or suspended such certificates in respect of all aircraft of the same model or manufacture as the Aircraft, provided Lessee promptly complies with all directions of the Air Authority in order to effect restoration of such Certificate of Airworthiness;

(g) **Insolvency:**

Lessee or any Material Lessee Affiliate is or becomes Insolvent.

- (h) **Disposal:** Lessee or any Material Lessee Affiliate disposes, conveys or transfers or threatens to dispose, convey or transfer of all or a material part of its assets (other than a disposal or transfer in the ordinary course of business for full commercial value) and, such disposal conveyance or transfer has or is likely to have a material adverse effect on Lessee's ability to perform its obligations under the Agreement or Lessee or any Material Lessee Affiliate, liquidates or dissolves or consolidates or merges with any other Person (whether by one or a series of transactions, related or not) and in the case of a Material Lessee Affiliate, such liquidation, dissolution, consolidation or merger has or is likely to have, a material adverse effect on Lessee's ability to perform its obligations under the Agreement;

(i) **Letter of Credit:**

- (i) the issuer of the Letter of Credit (if any) fails to make any payment under that Letter of Credit when due;
- (ii) any such Letter of Credit is not in full force or, for any reason ceases to constitute the legal, valid and binding obligation of the issuer;
- (iii) any of the events listed in paragraph (f) above, with respect to the performance by the issuer of its obligations under any Letter of Credit, or paragraph (g) above applies to the issuer (references in those sub-paragraphs to Lessee being deemed to be to the issuer); or
- (iv) where applicable, any Letter of Credit is not renewed within the time required by Clause 5.14;

and each reference in this paragraph (i) to “the issuer” shall include a reference to any confirming bank for the Letter of Credit.

SCHEDULE 10

REDELIVERY CERTIFICATE

THIS REDELIVERY CERTIFICATE is entered into between [] ("**Lessor**") and [], ("**Lessee**") pursuant to a lease agreement between Lessor and Lessee dated [] ("**Lease Agreement**").

ised terms used in this Certificate and not otherwise defined shall bear the meaning given to such terms in the Lease Agreement.

"**Aircraft**" means the airframe and engines set out in 1(a) below.

1. DETAILS OF REDELIVERY

Lessee hereby tenders the Aircraft for redelivery at [] O'clock this [] day of [] in accordance with the provisions of the Lease Agreement.

(a) Aircraft make/model: []

Manufacturers Serial Number: []

Engine make model:

Engine Serial numbers: [] LH

: [] RH

(b) Loose Equipment Check List: as per list signed by Lessor and Lessee and attached hereto.

(c) Damage Chart: as attached hereto and signed by Lessor and Lessee.

(d) Fuel Status: [] Kgs

[Other items]

2. CONFIRMATION

Lessor hereby confirms that the Aircraft was duly accepted by Lessor in a condition conforming with and in compliance with the provisions of the Lease Agreement.

SIGNED

.....

[]

(Authorised Signatory)

.....

[]

(Authorised Signatory)

SCHEDULE 11

QUIET ENJOYMENT LETTER

From: [] ("Owner")

To: N..... AERIEN Air

Dated []

Dear Sirs,

Aircraft Lease Agreement dated [] (the "Lease"), between [] ("Lessor") and AERIEN Air (the "Lessee") relating to one [] aircraft manufacturer's serial number [] (the "Aircraft")

ised words and expressions defined in the Lease, shall unless the context otherwise requires, bear the same meanings herein.

1. [We confirm that under a separate agreement entered into between Owner and Lessor, Lessor is entitled to enter into the Lease with Lessee for the duration of the Term.]
2. We confirm to you that for so long as no Event of Default has occurred and is continuing, we will not interfere with the quiet possession and use of the Aircraft by Lessee throughout the Term.
3. The foregoing undertaking is not to be construed as restricting our rights to dispose of the Aircraft to such persons and on such terms as we consider appropriate. However, if we exercise such rights during the Term, and provided that the condition referred to in paragraph 1 above continues to be fulfilled at the time of such disposal, we will (subject to any requirements or restrictions imposed by applicable law) dispose of the Aircraft expressly subject to the Lease and on terms that require the purchaser to issue an undertaking to Lessee that it will not interfere with the quiet possession and use of the Aircraft by Lessee throughout the remaining portion of the Term, so long as the condition referred to in paragraph 1 above continues to be fulfilled.

4. The rights conferred by this letter are granted only to Lessee and do not extend to any assignee, successor or sub-lessee of Lessee.

The agreement contained in this letter shall be governed by, and construed in accordance with, English law.

Please countersign this letter in order to confirm your agreement to the arrangements contained herein.

Yours faithfully,

on behalf of []

Agreed and accepted:

on behalf of **AERIEN AIR**